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WORLD NEWS

Chernenko's ill health made public

The Soviet public was told officially for the first time that President Konstantin Chernenko, 73, was ill when he was unable to make a Kremlin speech linked to tomorrow's nationwide local elections. Moscow Communist Party head and Politburo member Viktor Grishin told selected voters that Chernenko "could not attend the meeting on doctors' recommendation." His speech was read out to Moscow district voters. Back Page

Blow to government

Austrian Construction Minister Karl Sekanina resigned after allegations of irregularities over loans and the purchase of a villa delivering a fresh blow to the Socialist-led coalition government. Page 2

Order against NUT

A High Court judge ordered the National Union of Teachers to call off disruptive action by teachers in Solihull schools. The union will seek to continue its action after a ballot. Page 4

Spy stories disowned

Five suspects in India's industrial espionage scandal, including two officials from Prime Minister Rajiv Gandhi's office, said they wanted to retract confessions because they were made under duress. Mr Gandhi is to visit the U.S., France, Algeria and Egypt in June.

Software 'robbery'

Copyright pirates are estimated to have cost the UK computer software industry £150m in lost sales and royalties last year, parliament was told. Page 3

EEC jobless peak

Unemployment in the European Community rose sharply last month to reach a record 13.6m.

Computer concern

The Bank of England has sent a special guide on the risks associated with computer-use in banks to 600 UK banks and deposit takers. Page 3

Mali crash kills 50

Fifty people were killed when a domestic airliner crashed on take-off from Timbuctou, Mali.

Police die in blast

A national state of emergency was extended for a month in Sri Lanka after Tamil separatists killed five policemen in a landmine explosion. Page 2

Greek presidency

Greek presidential elections will be held on March 15 with parliament likely to support Constantine Karamanlis for another five-year term. Page 2

Change of tune

Andrew Lloyd Webber, British hit musical composer, has written a requiem mass which will be performed for the first time tomorrow in a New York church.

Briefly...

Social Democratic Party founder member Roy Jenkins re-entered the Royal Free Hospital, London, for a small adjusting operation following prostate surgery in December.

Belgian Prime Minister Wilfried Martens will visit Britain for talks with Prime Minister Margaret Thatcher on March 2.

MARKETS

DOLLAR

New York lunchtime: DM 3.3567
DM 3.3565
FF 10.3595
SwFr 2.85375
Yen 62.9
London: DM 3.357 (3.356)
FF 10.37 (10.3625)
SwFr 2.856 (2.827)
Dollar Index 155.1 (153.3)
Tokyo close Yen 62.35

U.S. LUNCHTIME RATES

Fed Funds 8.1%
3-month Treasury Bills: 8.4%
Long Bond: 9.5%
yield: 11.73

GOLD

New York: Comex, Feb latest \$28.5
London: \$399 (299.25)
Chief price changes yesterday, Back Page

BUSINESS SUMMARY
BTR seeks Takeover Panel aid

\$ soars as Reagan refuses to intervene

BY PHILIP STEPHENS

THE DOLLAR staged another remarkable rise in foreign exchange markets yesterday, taking the rise in its overall value over the week to nearly 3.5 per cent.

The immediate trigger for the gains was President Reagan's statement that the US was not prepared to take action artificially to depress the value of the dollar, but dealers said the momentum of its recent rise had also become self-generating.

The President's comments on Thursday were seen in the market as signalling that central banks were not prepared to launch a joint attack on the US currency and provoked a wave of speculative buying.

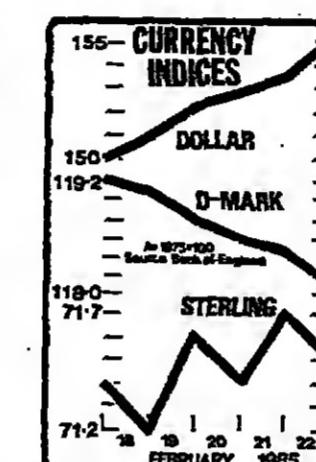
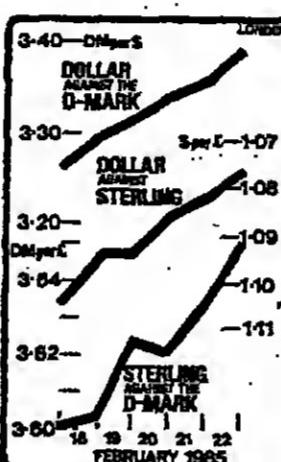
They also proved somewhat embarrassing to Mrs Thatcher who returned from Washington yesterday after trying to impress on Mr Reagan the difficulties posed by the dollar's strength for European governments.

The pound, however, suffered less than the Deutsche Mark which has borne the brunt of the dollar's climb in recent days.

The US currency closed yesterday at DM 3.3870, up 3.1 pfennigs from Thursday, and 12 pfennigs higher than at the start of the week.

Sterling lost 0.5 cents to end the day at a record low of \$1.0770 and was 2.6 cents lower on the week but it registered further gains against most other currencies. The sterling index's 0.2 point fall to 71.5 was thus a reflection of dollar strength.

The dollar's rise did, however, push up sterling interest rates, with the key three-month interbank rate now at over 14 per cent. This indicates that there is no prospect of an early fall in the banks' base rates. Some City brokers suggested



that if the dollar continued to tackle the problem of the dollar deficit was to cut the US budget deficit.

The dollar also swept to record highs against the French franc, Italian lira and a host of smaller currencies.

Earlier in the week it had been boosted by the testimony of Mr Paul Volcker, Chairman of the Federal Reserve Board, to the US Congress, which was taken as evidence that the next move in US interest rates might well be upwards.

The coincidence of Mr Reagan's remarks and Mrs Thatcher's return to London was seized upon by Opposition leaders indicating that the next move in US interest rates might well be upwards.

Mr Roy Hattersley, the Labour Chancellor, said that the Prime Minister had come away "fairly empty-handed."

President Reagan had "made it brutally clear that he does not intend to bail out the British economy."

The response from Downing Street was that the President and Mrs Thatcher were in full

agreement that the best way to tackle the problem of the dollar deficit was to cut the US budget deficit.

Elsewhere in Whitehall, however, officials were privately conceding that Mr Reagan's strength for European governments.

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Citicorp bids £7m for broker to the Bank

By David Lascelles, Banking Correspondent

CITICORP of New York emerged yesterday as the mystery bidder for Seccombe Marshal & Campion, the UK discount house which acts as the Bank of England's broker in the money markets.

In a dramatic deal, which challenges many City conventions and is typical of the aggressively managed U.S. bank, Citicorp has agreed to pay £7m for Seccombe, whose shares are quoted on the London Stock Exchange.

Citicorp's deal has the Bank of England's approval and is historic even by the standards of the big changes already sweeping the City.

It will make Citicorp the first UK bank, or foreign, to own a UK discount house. As such, it signals a major shift in the Bank of England's policy of separating discount houses from banks to preserve the integrity of the discount market. The view in the City last night was that further bank-discount house acquisitions must be in the offing.

The deal also ends the 60-year relationship between the Bank and Seccombes and means that the Bank will have to make its own arrangements for dealing in the money markets, through which it supplies liquidity to the British banking system. The Bank expects to establish its own dealing room this year. The target for this year is January 1, 1986.

Seccombe, smallest of the publicly quoted discount houses, remained angry yesterday over the NUM's rejection of the modified settlement document which the TUC had succeeded in negotiating with the NCB. They were especially angered by Mr Scargill's characterisation of the new proposals as "100 per cent worse."

The request for a meeting with the TUC's finance and general purposes committee from the NUM's three national officials was fixed in concrete. But we found it could be modified."

• Mr Giles Shaw, a junior Home Office minister, said in a Commons written answer yesterday that police had made 9,555 arrests in connection with the strike and that 1,395 policemen had been injured.

• Dr Paul Glover, NCB's director general of staff, to retire at the end of February, with plans to start his own personal advisory service. The board has invited him to assist with its residual training programmes.

• Tailors' dummies dressed like miners have been carried on buses, taking pitmen to work at a Co Durham colliery. The NUM claimed yesterday, but the board dismissed the reports as "rubbish."

Mr Ross Forbes Durham NUM press officer, the union had two eyewitness accounts of men unloading dummies near Vane Tempest colliery near Seaham.

The models were dressed in donkey jackets and flat caps and were taken from buses with reinforced windows into an NCB storage building.

Coal blockade. Page 4; Scargill's spell. Page 19

Miners in surge back, says NCB

BY JOHN LLOYD AND ROBIN REEVES

London tomorrow at a rally organised by the TUC's south-east coast.

Two NUM areas — South Wales and Durham — yesterday reaffirmed their support for the strike. In South Wales, the most solid area, 600 delegates representing the coalfield's 19,500 mineworkers, also voted not to return to work without first securing an amnesty for miners sacked by the NCB for various proved or alleged offences.

The one pit delegation to vote against the decision — believed to be Celynen South, in Gwent — had called for talks to be resumed. The pit meets today to discuss a possible concerted return to work.

Mr Emlyn Williams, the South Wales president, acknowledged after the meeting in Bridgend that the decision would not be popular though out the coalfield. "Obviously we will face problems, but that is what leadership is all about," he said.

Peter Walker has said there will be no more talk on about 10 occasions. Even Norman Willis said on three occasions this week that the NCB document was fixed in concrete. But we found it could be modified."

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Coal blockade. Page 4; Scargill's spell. Page 19

Delay for BA's Laker settlement

BY DUNCAN CAMPBELL-SMITH

BRITISH AIRWAYS has been forced to extend by one month the deadline it set itself early this year for settling the US legal problem which have postponed privatisation.

The airline had hoped by the end of this week to reach agreement in principle with all the creditors left out of pocket after the 1982 collapse of Laker Airways.

However, Export - Import Bank of the US, the largest of the creditors, has made clear that the terms of a deal put to it last week still fall well short of being acceptable. It is the only creditor yet to accept at least the broad outline of the settlement proposed by BA.

The creditors have been offered financial compensation in exchange for an end to the US civil anti-trust suit. This has been brought against BA and nine other international airlines.

Exim's negative response prompted another meeting in Washington on Wednesday be-

tween Mr William Draper, Exim's chairman, and Mr Colin Marshall, BA's chief executive, who was accompanied by the airline's lawyers.

Yesterday, BA was reviewing an amended version of the terms, which it plans to submit to Exim early next week. Meanwhile, options arranged by BA for it to buy the debts of Laker's trade creditors were due to expire on February 28. These are being hastily adjusted.

At least three objections are thought to be deterring Exim from accepting the general line accepted by the rest of the creditors:

• The size of the proposed settlement. Exim is owed \$36m in principal repayments and about \$40m of interest in arrears. BA's ideas are believed to offer Exim only a percentage of the \$36m, leaving Exim with the interest and some more.

• The embarrassment of a big write-off. Exim has never written off a loan in the private

sector remotely comparable with the Laker financing.

• The principle of a repayment to Freddie

OVERSEAS NEWS

Irish birth control Bill set to cause dismay in Rome

BY JAMES BUXTON IN ROME

THIS WEEK'S decision of the Irish Parliament to defy the country's Roman Catholic hierarchy and approve a measure permitting some forms of birth control will have been viewed with dismay by Pope John Paul II.

Quite apart from the fact that the encyclical *Humanae Vitae* of 1968—issued by his predecessor Pope Paul VI—banned contraception, the Pope has made the preservation and sanctity of family life one of the key issues in his battle to correct the course of a Catholic Church which he feels has become doctrinally lax.

In Ireland the Bill presented by Dr Garret Fitzgerald's Government—which legalises the sale of non-medical contraceptives—is seen as being opposed by Dr Kevin McNamara, the Archbishop of Dublin, one of several conservative bishops who the present Pope has

DR DERMOT RYAN, who died of a heart attack at the age of 60 on Thursday, was the only Irishman to head a Department of State in the Vatican in the 1,500-year history of the Irish Church, writes Brendan Keenan from Dublin. His appointment to what is in effect the No. 3 post in the Catholic Church was seen as proof of Pope John Paul II's special interest in Ireland.

The theory runs that the Pope sees parallels between

the conservatism, piety and even, the political struggles of the Irish Church and his own native Poland. Dr Ryan was the major conservative figure in the Irish hierarchy in his 12-year period as Archbishop of Dublin, and Rome overruled local preferences in choosing another conservative, Dr Kevin McNamara, to succeed him.

Even so, recent reports suggested that Dr Ryan in Rome was showing a more sympathetic attitude to the

problem of the Church in the third-world countries, particularly Latin America, than some other senior churchmen or, indeed, the Pope himself. His job of overseeing the Church's worldwide missionary activities is so powerful that the incumbent is known as the "Red Pope." Ironically, Dr Ryan, only six months in the job, never had a chance to do the cardinal's red.

There is no doubt that, like most Irish bishops, he shared

John Paul's vision of a new "counter-Reformation" against materialism, sexual freedom and religious laxity.

Dr Ryan was well suited to the complex world of the Vatican. His combination of administrative skills and personal qualities made him just the kind of churchman likely to be favoured by the present Pope and there was even speculation that he could be a candidate that he could be a credible candidate for the papacy himself.

of the Vatican Congregation for the Doctrine of the Faith (the successor to the Inquisition) sharply criticised the current attitudes of Catholic churches almost everywhere—except in Eastern Europe. He said that the era which began with Vatican Council II in 1962 to 1965 was "definitely unfavourable to the Catholic Church."

Liberals in the Church, alarmed for example by the Pope's decision last autumn to permit the Mass once again to be said in Latin under certain conditions, a reversal of a

Vatican II decision, believe that Pope John Paul wants to roll back other reforms.

They therefore look with some apprehension to the Pope's recent decision to call a special Synod of bishops in Rome in November. The Pope himself said that the Synod would be held to "deepen the understanding" of that Council "in the light of new needs."



The Pope—a blow to his new orthodoxy

Minister's resignation hits Austrian coalition

By Patrick Dunn in Vienna

AUSTRIA'S beleaguered coalition government suffered another blow yesterday with the resignation of Herr Karl Sakanina, the Socialist Minister for Construction, after press allegations of financial misconduct.

Herr Sakanina offered his resignation to Chancellor Fred Sinowatz, also a Socialist, who promptly accepted. Earlier in the week Herr Sakanina resigned as leader of the metalworkers' union, one of Austria's most powerful unions.

Herr Sakanina is alleged to have used Sch 400,000 (\$15,800) from union funds to buy a car for his stepson. He is also alleged to have bought a villa in Hietzing, Vienna's fashionable 12th district, for Sch 11m, a market price of Sch 11m, from a company which it is claimed usually handles building contracts for the Ministry.

Herr Sakanina denies both claims and said he had done nothing "underhand." He said yesterday that he was the victim of a campaign against him, that he only borrowed the money from his union for four months to buy the car, and that there was nothing unusual in this.

He said he told Chancellor Sinowatz that he could disprove the allegations—but had decided to resign because he did not wish to cause the Government embarrassment.

In a short statement announcing the minister's resignation, Chancellor Sinowatz said yesterday: "I cannot test whether the rumours concerning Herr Sakanina are true or not, but the fact that they exist would be a burden for the work of the Government and that is the reason why I have accepted his resignation."

This is another damaging blow for the Government, which has lately stumbled from political row to political row. It comes less than two months after the Government's embarrassing retreat over the inking of the Hambach power plant in December and another row a few weeks later over the Defence Minister's action in creating a war criminal and former SS officer on his return to Austria after his release from an Italian jail.

There is growing speculation here that the Government will not stay the course to complete its term of office until the next general elections due in 1987.

Damaging censure debate for Hawke

BY MICHAEL THOMPSON-NOEL IN SYDNEY

SIR BOB HAWKE, Australia's right-wing Labor Prime Minister, was lambasted by Mr Andrew Peacock, Opposition leader, during a censure debate in Canberra yesterday that cruelly exposed Mr Hawke's loss of authority.

Mr Hawke's shrill and abrasive performance in parliament left many government backbenchers glum and disappo-

tioned.

The censure motion, which

was defeated along party lines,

harshly criticised Mr Hawke's

recent about-face in breaking a

commitment that Australia

would provide logistical support

for monitoring U.S. MX missile

tests in the South Pacific.

Mr Peacock said Mr Hawke's

action had "damaged Australia's

credibility" as a reliable ally,

undermined our security,"

"instead of offering strong

leadership and confronting anti-

American sentiments in his own

campus."

French companies, which

are at present forbidden to

buy foreign exchange on the

forward market to cover

needs for import purchases,

have recently been given

more flexibility in managing

their foreign exchange

risks.

Bankers say an increasing

number of larger firms

which need to purchase raw

materials abroad—many of

them in the nationalised

sector—are now being given

more flexibility in managing

their foreign exchange

position.

These groups still, however,

have to keep their overall

foreign exchange position

within limits set by the

Treasury.

The Finance Ministry is

now ready to take a softer

line over exchange controls

because of the frame's steady

performance against Euro-

pean currencies—the large

rise in foreign exchange

reserves and the return to

near-equilibrium... in the

country's balance of payments.

Mr Lange summoned Mr

Vladimir Bykov, the Soviet

ambassador to his office and told

him that he was tired of New

Zealand's nuclear policy being

constantly mis-reported and mis-

interpreted in the Soviet Union.

New Zealand was not to be used

as ammunition in an anti-U.S.

campaign by the Soviet Union.

Mr Lange said the Soviet

Union must not interpret recent

developments in New Zealand's

foreign policy as being anti-

nuclear one.

American... Despite the differ-

ences over the nuclear warship

bans New Zealand remained

staunchly pro-U.S. and pro-

Anzus," said Mr Lange.

Mr Lange's forthright com-

ments to the Soviets were

obviously made with one eye on

some of the continuing coldness in

the American attitude to

New Zealand before he leaves

for the U.S. and London on

Monday.

Mr Lange yesterday also

answered critics of New

Zealand's anti-nuclear policy.

It was wrong for critics to

claim New Zealand wanted to

enjoy the benefits of Anzus

without meeting the commit-

ments. Anzus was a con-

ventional weapon alliance, not

a nuclear one.

Turkey protests to Bulgaria

Turkey yesterday issued a

sharp protest note to the Bulgarian

Ambassador in Ankara over

Bulgaria's treatment of its large

Turkish minority. David Bar-

chard writes from Ankara.

The note is believed to

indicate that Turkey dislikes

recent Bulgarian denials that

ethnic Turks have been killed

and injured while resisting

official efforts to Slavicise their

names. It calls on the Bulgarian

authorities to take urgent steps

to remedy the situation.

South Africa closes nuclear power station

South Africa's only nuclear

power station, Koerberg, has

been taken out of service while

engineers investigate faults in

the station's stainless steel

pipework. Jim Jones writes from Johannesburg. Koerberg

about 80 miles along the coast

from Cape Town, has two

pressurised water reactors and

was built by Framatome, the

French nuclear company.

The station was closed down

on Thursday after a routine

inspection of the No. 2 reactor

surface. Koerberg has

been in operation since February 1984 when the No. 1

reactor began generating power.

Black opposition leader arrested

The round of arrests of black

opposition and trade union

leaders continued yesterday

in South Africa with the

detention of Mr Thabo Mbeki

Gweta, a leader of the South

African Allied Workers' Union,

on charges of treason. Jim Jones

writes from Johannesburg.

UK NEWS

Pirates 'rob software industry of £150m'

By Ivor Owen

COPYRIGHT pirates acting on a commercial basis are estimated to have robbed Britain's computer software industry of £150m last year through lost sales and royalties. MPs were told yesterday.

The House of Commons gave an unopposed second reading to the Copyright (Computer Software) Amendment Bill, a private member's measure designed to give the industry's products the same copyright protection as that accorded to literary works.

The Bill is virtually certain to reach the statute book and, by removing the uncertainty about the present state of the law, is expected to result in a striking increase in the number of successful civil court actions initiated by companies defending copyright.

Where piracy persists on a commercial scale through what Mr. William Powell, chief sponsor of the Bill, described as the activities of the "heavy criminal network" those tried on indictment will face unlimited fines and/or up to two years imprisonment.

He said that products of all sections of the computer software industry, from sophisticated commercial and business systems costing more than £1m to the smallest computer game, were being subjected to unauthorised copying. Last year the total loss through piracy was £150m, he said.

One multinational software house believed that between 10-20 per cent of the users of its products were unauthorised with the result that it was having to spend £1m a year in trying to secure protection of its copyright through technological means.

MPs of all parties supported the Bill and Mr John Butcher, Under-Secretary for Industry, hoped that the speedy implementation of its provisions would remove the "real threat" facing the British software industry through what was best described as the theft of intellectual property.

Sharp fall in North Sea oil prices

By Dominic Lawson

NORTH SEA oil prices registered sharp falls yesterday, the first marked weakening seen since the Organisation of Petroleum Exporting Countries set up a new pricing structure in Geneva on January 30.

April shipments of Brent crude, the UK price marker, were quoted at \$26.90 a barrel, down 55¢ from the best levels on Thursday. Britoil sold a May cargo of Brent at \$26.48 a barrel, much lower than Thursday's trading level of \$28.80, and even further below the UK official price of \$28.65.

Traders attributed the weakness mainly to the expected arrival on the market of considerable quantities of Iranian crude. Iran has stepped up its production considerably since the Opec meeting. The spot price for Iranian crude also weakened yesterday.

Esso, which vies with Shell for leadership of the UK petrol market, is to increase the price of its four star petrol by 2.7p to 194.6p from the start of business today.

Losses reach £14m at Bridgewater mill

THE BRIDGEWATER newsprint mill at Ellesmere Port in Cheshire lost £14m after tax last year, according to its Canadian owner, Consolidated Bathurst. Losses above the line were £23.5m, made up of £15.8m in operating losses and £7.6m in start-up costs.

The mill, bought from UK paper group, Bowater, and reopened in 1983 at a cost of about £50m, has suffered from the strength of the dollar, in which newsprint pulp is priced. To date, the Bridgewater mill has taken about 70 per cent of its raw materials as pulp from Canada, with the rest made up from local waste paper.

NHS drug cuts 'will achieve only half intended saving'

By CARLA RAPORT

THE GOVERNMENT'S plans to restrict the number of drugs available under the NHS will achieve little more than half the intended savings, according to drug industry executives.

According to Mr. Norman Fowler, Secretary for Social Services, the Government should reap savings of £75m a year by restricting drug sales on the NHS for a number of minor ailments. Industry executives and analysts, however, say the savings will be £50m-£45m a year.

Mr. Fowler this week announced a modified plan for restricting drug sales under the NHS following fierce criticism of his initial proposals aimed at saving £100m a year.

The modified list trebled the number of drugs which will be available from NHS doctors from April 1, for ailments ranging from flu to anxiety.

Mr. Fowler also released an extensive "blacklist" of drugs

Citicorp brings financial revolution to the discount market

David Lascelles examines the implications of the bid by America's largest bank for Seccombe, Marshall & Campion

Broker to the Bank decides to travel first class

CITICORP has done it again. Only after a month after becoming the first foreign-owned UK clearing bank, America's largest bank has shattered another British convention with its bid for the discount house, Seccombe, Marshall & Campion. No bank, let alone a foreign one, has previously owned one of this small, specialist bank who operate at the very nerve centre of the UK money markets.

The bid also means, as one leading discount broker said yesterday, that "the City revolution has well and truly hit the discount market."

As if that was not enough, Seccombe also acts as broker for the Bank of England in the money markets, which means the Bank will now have to make its own arrangements in-house and capitalised entities dealing at arm's length with their parents, which Seccombe will do.

So, Citicorp's deal sets a major though not — in the light of all the other changes — unexpected precedent. Several discount houses have already had approaches from would-be bank owners, and a speculative flurry drove up discount house shares on the Stock Exchange in the wake of the Citicorp an-

nouncement yesterday. However, the generous price Citicorp is paying (about 40 per cent over Seccombe's net asset value) sets a high marker for future deals.

But why should banks want to own a discount house? Apart from adding to their business, many banks see the discount

market as an adjunct to — or just the short end of — the gilt-edged and bond markets they are trying to get into through their well-publicised alliances with stockbrokers.

While the Bank of England has eased up on ownership rules, it insists on preserving the traditional barriers around

the discount market, which means any bank wanting to get into it must buy one of the existing houses.

The Bank's stand, which is supposed to draw distinction with the gilts market where investors are quite different, has drawn criticism, and it may well be that those barriers will be

swept away, too, within a few years. For now, this is why Citicorp could only achieve its goal of dealing in the sterling money markets by making an outright bid for a discount house.

It chose Seccombe, one of the

smallest, because it was less concerned about size than access

to the market. With \$150bn in assets, the acquisition cost of £7m (though a premium of 40 per cent to net asset value) is peanuts to Citicorp, which intends to give Seccombe a big capital boost next year.

Significantly, the deal will give Citicorp a broader presence in the UK financial markets than any British bank has ever had. Through its proposed alliance with stockbrokers Vickers de Costa and Scrimgeour Kemp Goe II already has an entry into the equity and gilts markets.

This fact alone should prod the UK banks to react.

Seccombe will come under Citicorp International Bank Ltd (CIBL), the bank's UK merchant banking operation, which means it will be separate from Citibank Savings, its UK clearing bank.

Arrangements for the transfer

of the Bank of England's broking business should be complete by the end of this year, and Citicorp will leave Seccombe's business alone until then.

The Bank is already preparing its own dealing room to handle its gilt-edged business, and the discount operation will be put in there too.

Referrals to any other

independent television companies yesterday heard the details of large rises in their subscriptions to pay for Channel 4 and the Welsh fourth channel, S4C.

Central, the ITV contractor for the Midlands, will pay the largest rise, its subscriptions will be £22.6m compared with just under £18m last year.

Thames, the London weekday contractor, is, however, still the largest contributor to Channel 4 finances. The company will pay £25.23m in the financial year beginning in April, compared with £22.78m last year.

The Independent Broadcasting Authority confirmed yesterday that the ITV subscription for Channel 4 would be £12.91m — a 16.3 per cent increase on

the Welsh fourth channel.

The total basic subscriptions amount to 17.6 per cent of the

ITV companies' total net advertising revenue in the year to the end of January.

The companies will also re-

pay £13.5m in IBA loans advanced to help meet the costs of Channel 4 before transmissions began.

The subscriptions for the two

fourth channels are to meet programme costs.

Guide gives warning to banks on computer risks

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE BANK of England has sent a special guide on the risks associated with using computers in banking to each of the 600 banks and deposit-takers operating in the UK.

The Bank is stressing that the dispatch of the guide is not a sign of sudden concern about computer security or the result of some recent, unpublicised banking computer crisis, but an attempt to anticipate possible troubles.

The initiative arose from a conference of bank supervisors in 1983, when officials from several countries noted that advancing technology carried new risks of which banks and

their supervisors should be aware.

The guide is in three parts and includes a detailed questionnaire which is supposed to help bank management assess the security and quality of their computer systems. The banks are not expected to return the completed questionnaire to the Bank. But the Bank may use it as the basis for discussions with them in the course of its prudential supervision.

The guide, which is in non-technical language, was prepared by Deloitte Haskins & Sells, the accounting firm which acts as the Bank of England's auditors. It opens with

a warning to banks that deficiencies in their computer systems, "can pose a significant threat to achieving success."

It analyses the main risks associated with computers: poor development, errors, interruption, unauthorised disclosure and fraud.

It also discusses various controls like prevention, containment, insurance inspection and audit. But the guide states too that the questionnaire is not a substitute for a proper audit.

"Computer security and control procedures must form an integral part of the system of internal control within a bank," it says.

New Woolwich high-rate account

BY MARGARET HUGHES

BUILDING SOCIETIES, hit by a sharp fall in the inflow of funds this month, seem set for a new interest rate battle in their bid to attract more deposits.

This account will replace the Woolwich's 7-day notice account which will be paid annually.

The account offers a better deal than the Leeds Liquid Gold, which has been the market leader of accounts offered by the five leading societies.

The Prime Account will pay 9 per cent net of basic rate tax, equivalent to 12.86 per cent gross which will be paid annually.

A minimum investment of £500 will be required to open the account, but investors will be able to make penalty-free withdrawals on demand.

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Yesterdays the Woolwich's main rival said that although they would continue to keep their rates under review, they had no immediate plans to raise their investment rates.

The £80,000 ceiling on holdings of building society accounts is expected to be dropped, possibly from the beginning of the next financial year. This would put building societies on a par with banks, which from April 6 will have to follow building societies practice of deducting tax at source at a composite rate (CRT) from depositors' income.

Talks with Switzerland were in progress and discussions with France, Italy, Spain and Scandinavia were planned.

"What I have in mind is the greater freedom for airlines to mount the services they wish and at the prices that they think appropriate," Mr. Spicer said.

"Bureaucratic controls must be cut back to a minimum. Obviously, we must continue to exercise some controls... but subject to these safeguards, I would like to see airlines backing their own commercial judgments."

Mr. Spicer said: "We may be seeing a decline in the power of the Bank of England as the Treasury and politicians better

away at its unwritten authority.

Government seeks freer air industry

BY MICHAEL DONNE, AIRCRAFTS CORRESPONDENT

THE GOVERNMENT is to become more aggressive in its efforts to promote a more liberal attitude towards air transport throughout Western Europe.

This coincides with the introduction of composite rate tax (CRT), which UK banks will have to deduct at source from April 6. This will make offshore bank accounts paying interest gross more attractive to many UK residents, particularly non-taxpayers.

This will include efforts to achieve cheaper fares, as well as greater freedom for airlines, both from the UK and elsewhere, to fly whenever and wherever they choose.

The attack is being led by Mr. Michael Spicer, the Department of Transport Minister responsible for civil aviation.

UK efforts over the past year have achieved greater freedom for airlines to fly between the UK and the Netherlands and West Germany. These agreements have generated increased traffic at cheaper fares.

But the UK is becoming increasingly impatient at the slow progress in discussions with other countries.

Mr. Spicer will outline his detailed plans at a dinner in London next week of the Aerodrome Owners' Association, but he said in London yesterday that he was planning "a major effort to persuade EEC governments, and the governments of other European countries, that competition, resulting in better services, is in everyone's interest."

Talks with Switzerland were in progress and discussions with France, Italy, Spain and Scandinavia were planned.

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"Bureaucratic controls must be cut back to a minimum. Obviously, we must continue to exercise some controls... but subject to these safeguards, I would like to see airlines backing their own commercial judgments."

Mr. Spicer said: "We may be seeing a decline in the power of the Bank of England as the Treasury and politicians better

away at its unwritten authority.

DEMAND for structural steel on the home market rose by 16 per cent to 808,000 tonnes last year, British Steel Corporation figures show. A further 7 per cent increase is forecast for this year.

Structural steel is used mainly for industrial and commercial building. Most of it consists of hot rolled sections made at British Steel's Teesside and Scunthorpe plants.

British Steel said the rise in demand for structural steel reflected a 23 per cent increase in the volume of industrial building last year, of which steel had an 85 per cent market share.

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NUT ordered to stop Solihull action

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE National Union of Teachers was yesterday ordered by a High Court judge to call off disruptive action short of a strike by teachers at schools in Solihull.

Mr Justice Warner said that Solihull Council had an arguable case that the union was unlawfully inducing breaches of teachers' employment contracts.

If an injunction was not granted until the issue could be heard on at a full trial the council would suffer detriment through the harm done to schoolchildren and their education.

The only effect of an injunction on the union would be that it would have to choose between taking its pay dispute with the council to arbitration, or holding a ballot under the 1984 Trade Union Act to try to legitimise its actions.

The judge ordered the disruption to be called off by noon on Monday.

Afterwards Mr Doug Acvey, the NUT's deputy secretary, said that the teachers would get ballot forms on Monday. He was confident of winning the

musical or dramatic events, or to attend staff and parent consultation meetings outside school hours.

The union argued that those

functions were voluntary and not part of the teachers' contractual duties. For this reason the union was not inducing breaches of contract.

Solihull contended that the duties were either contractual or were performed by the teachers by custom and practice.

The judge said the NUT had argued that an injunction would not stop the disruption for more than a couple of days because there would be a ballot and a vote in favour of continuing the action.

That, the judge said, assumed that because the nine of Solihull's 90 or so schools which had been balloted on a strike had voted in favour, the same result would flow from a ballot on disruptive action.

As a result of the action, which had begun on February 6, children at 13 of the 18 secondary schools had been sent home and all schools had been affected in some way.

He said that the council did

not accept that the strike ballot had been carried out in compliance with the 1984 Act.

Mr Andrew Hillier, for the NUT, said that Solihull could not seriously hope to win at the trial on the issues concerning lunchtime supervision and out-of-hours meetings. He conceded, however, that the union would have a more difficult hurdle on the issue of covering for absent colleagues.

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"I am not prepared to make that assumption," he said.

Electricians 'will fight TUC' over ballot cash

By Our Labour Staff

THE ELECTRICIANS' union said yesterday it would resist in the courts any TUC attempt to expel it for using government money to finance postal ballots.

The TUC General Council has warned the Electrical, Electronic, Telecommunications and Plumbing Union and the Amalgamated Union of Engineering Workers of disciplinary measures leading to possible expulsion, if they accept government money for union postal ballots, in defiance of TUC rules.

Writing in Contact, the Electricians' Union journal, Mr Eric Hammond, general secretary, said: "We will not be cajoled, intimidated or bullied into submission."

"We will use every possible within the fold despite all our doubts about the TUC's effectiveness and ability to match the challenge of our times."

"We will use every possible forum to promote our case and will use the courts, in the last resort, if the movement denies us natural justice."

"Those who seek to exclude us had better recognise the dangers if we fail in our efforts."

Mr Hammond admitted his union would face difficulties if outside the TUC. He also warned other unions that workers "desperately unhappy at being steamrollered into militancy" might switch membership to his union.

He said: "It may be difficult, but it is not too late for the TUC to think again. It will be foolishly irresponsible not to do so."

Anyone would think the TUC had troubles enough "without needlessly courting fresh disaster."

The real issue was the authority of the TUC General Council. Mr Hammond said: "I told the TUC candidly and openly that our members elected our executive council to be responsible for the financial and government of the EETPU—not the General Council."

"I asked whether the miners union for instance, would bow to a TUC decision that its activities, its dispute, were detrimental to the trade union movement's interest."

"The miners would tell the TUC to 'get lost'."

The EETPU has applied to the government for nearly £200,000 and the AUEW for around £1m, backdated to 1980, for union ballots.

Mr Paddy Ashdown, Liberal

Civil Service union's secretary to retire

By DAVID BRINDLE, LABOUR STAFF

MR GERRY GILLMAN, general secretary of the Society of Civil and Public Servants, has said he wants to take early retirement later this year.

His decision had been expected to enable the union to have a candidate in the run-off for the general secretaryship of the union which will be formed by the proposed merger of the CPSA with the Civil and Public Services Association.

Mr Gillman, 57, has worked for the CPSA since 1953 and has been general secretary since 1973. The union has 98,000 members, concentrated among all but the most senior administrative grades of the Civil Service.

The planned merger with the CPSA, which represents lower-grade staff, would create a dominant civil service union with a membership of about 240,000.

Mr Gillman gave formal notice of his intention to this week's meeting of the society's executive council.

He is not expected to leave the union until the end of November, but if the executive is likely to select his successor next month.

As Mr Campbell Christie, Mr Gillman's deputy, is set to become the next general secretary of the Scottish TUC, the clear favourite for the top job in the union is Mr Leslie Christie, his brother and an assistant general secretary of the union.

They are expected to put up a large number of amendments to the merger package in an attempt to delay the autumn ballots.

However, the CPSA leadership will move to thwart this by proposing a straight vote on the package before any amendments are discussed.

Ferry crews strike in hospital protest

By Brian Groom, Labour Staff

STRIKES by ferry crews at Dover, Folkestone and Yarmouth caused delays to passengers travelling to the Continent yesterday.

The stoppages were part of a "day of action" against the proposed closure of the Dreadnought National Seamen's Hospital, Greenwich, south-east London.

A 12-hour strike at Dover halted Townsend Thoresen sailings to Zeebrugge. Calais and Boulogne, apart from one sailing to Zeebrugge.

Sealink's UK-flag services between Dover and Calais and Folkestone and Boulogne were stopped, though most passengers eventually got away on hovercraft or on services operated by Sealink's French partner, SNCF.

At Folkestone, Thoresen had to cancel two ferries to Zeebrugge, while two freight ships bound for Rotterdam also remained idle.

Unions call for R & D strategy

By David Brindle, Labour Staff

THREE UNIONS, which have banded together as Alliance for Science, have called on the Government to adopt a research and development strategy.

The unions—the Association of University Teachers, the Institution of Professional Civil Servants and the Association of Scientific, Technical and Managerial Staffs—say a science minister should be appointed to investigate funding and plan long-term objectives.

They also propose a National Economic Development Council for research and development.

The unions, which represent 100,000 workers in research and development, set out their case in the alliance's second pamphlet, *The Case for a Research and Development Strategy*.

Computer disk move

SEAGATE Technology, the manufacturer of computer disk drives, has signed a lease with East Kilbride Development Corporation for a factory in East Kilbride's Kelvin Park industrial estate near Glasgow. It will be used for service and testing operations.

Ford's worker involvement plan faces delay

By Brian Groom, Labour Staff

FORD'S PLAN to introduce a programme of employee involvement for its 13,000 UK white-collar staff, similar to that started six years ago for US workers, has run into a major hold-up.

A national framework agreement has been reached with the three unions involved, but branches at the Dagenham body and assembly plant, Essex, have put forward a formidable set of preconditions to be met before they agree to participate.

This comes amid growing evidence that the employee involvement programme, though being approached very cautiously by Ford, could form a crucial part of the company's long-term strategy to improve labour efficiency.

Unions are convinced that Ford will strive to make the experiment succeed in white-collar areas over the next two years, in the hope that manual workers will become attracted to the idea and overcome resistance from their shop stewards.

The programme, which is voluntary, is likely to involve the creation of participation groups of 10 to 12 workers. According to the national agreement they will take part in the "managerial process" including planning, setting goals, problem-solving and decision-making.

At Dagenham, the Association of Scientific, Technical and Managerial Staffs has demanded disclosure of the five and 10-year business plans for the

plant; a written guarantee of no compulsory redundancies; a pledge that staff will not be redeployed elsewhere; agreement that only union members can be staff representatives on employee involvement steering committees.

Unions say this has held up the plant-level follow-up to the national agreement, which would have included presentations to staff and the setting up of local committees.

Talks on the problem are expected, but it has set back managers' hopes of getting the programme under way by next month.

The success of the scheme could determine the outcome of an internal debate among Ford managers about the best way to tackle the problem of labour flexibility among manual workers. This is still an issue in spite of a cut in the manual workforce from 58,800 in 1979 to 38,400 now, and a reduction in white-collar staff from 17,800 to 13,800.

Some progress has been made in getting production workers to take responsibility for indirect tasks such as self-certification of work, minor maintenance, and cleaning work areas.

But other European plants tend to be less strike-prone, hit output targets more frequently, are more lightly manned, and achieved earlier success in breaking down demarcation lines between craft and production workers.

The company appears to hope

that employee involvement could eventually lead to greater flexibility. But some managers, mainly at the Halewood and Dagenham plants, believe it is a foreign transplant which will not take root in the UK, and that the only route to greater efficiency will ultimately be to offer payments for it in conventional negotiations.

So far this view has not prevailed. Talks on altering the 17-year-old wage structure for manual workers have been going on for two years, but Ford has been resisting a union claim to move from five to three grades, and introduce allowances for production line workers and for others who acquire extra skills.

Senior managers fear that this would result in a general pay increase with no guarantee of higher productivity. But managers in the big assembly plants get frustrated because workers often resist changes to their responsibilities unless the wage structure is altered.

Ford began employee involvement for blue- and white-collar workers in the U.S. in 1979, after similar schemes at General Motors, and was installed at 45 locations within the first 18 months. It has produced considerable benefits for the company, but there have been some problems in the past two years and the United Auto Workers' Union—though formally in support—has become markedly less enthusiastic.

Mostly it takes the form of groups who tackle a wide range of issues of efficiency and working conditions, though in some plants it is little more than a glorified suggestion scheme.

Typical successes include a problem-solving team of machine operators at an engine plant in Michigan, who redesigned cylinder head milling machines to shut down automatically when their timing belts broke. This stopped breakdowns which could cost \$24,000 each in damaged parts and lost production.

There has been resistance to the scheme among skilled workers jealous of their craft privileges at the bigger plants, however. And the UAW's enthusiasm has cooled because it believes Ford has used employee involvement to weaken union organisation at some plants, for instance by enticing militants out of union office by offering them full-time jobs as employee involvement ordinators.

Ford has tried to spread employee involvement and seems pleased with the way it has been introduced in countries like Spain and Brazil. Unions say it has been less successful in West Germany, where the works councils already provided a forum for worker participation which gave the company the kind of flexibility it was looking for, without superimposing new systems.

Good planning is priceless—
So how can we sell it for £395?



The Soviet approach to planning over the past half century or so has had a consistent problem. It doesn't make much allowance for the needs or methods of individual managers or consumers. But then it doesn't have to.

The result has been a dismal record of forecasting inaccuracy and mismanagement. Mind you, if you know anyone who'd like to buy a few million test shoes, we could make a useful introduction.

Of course good planning is priceless, because like any work of art it is a highly individual statement. A good plan must be flexible. Test assumptions. Contrast options. Ideally, it should be both simple to do and simple to understand.

Which is precisely where most spreadsheet software falls down. Most of their manuals make the latest Five Year Plan read like *The Wizard of Id*.

Not that we want to knock the spreadsheet. After all, it is based on one of the oldest tools of management information—variable assumptions

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And, of course, most spreadsheet software is easy to use. Once you know how. All it requires is enough time and a willingness to do it their way. By memorising, or referring regularly to a manual that is only slightly less opaque than *Pravda*, you can perform theoretical work which would warm the heart of a Commissar. Of course, it might be a bit of a mystery to your colleagues. But in a planned economy you don't need to worry about bringing people with you.

We think you'll find the switch from spreadsheet software to FT.Moneywise much like the shift from a slide-rule to a calculator. It does the job more easily, with less mystery and faster, not merely in calculation, but right from the moment you start to think about the numbers all the way through to the report you will want to produce.

The reason is simple. FT.Moneywise

was produced by managers for managers. And who would understand the needs of managers better than the Financial Times? Whether or not you have spreadsheet skills, you can perform the same magic. But because the program helps at every stage, you don't need that encyclopaedia-like document at your elbow. Better yet, your colleagues will understand every step in your thinking. Because not only does FT.Moneywise print out a full management report to boardroom quality, it does it in a format management understands—from the table of contents to dramatically simple graphics and an appendix summarising the assumptions on which each calculation was made.

The Praesidium might find that helpful.

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BANK OF SCOTLAND Account Details

At or close of business 14 Jan 85

Account No	00428407
Balance	129.84
Today's items	75.43
Fund transfers pending	65.00
Keypad withdrawls pending	30.00
Interest accrued	1.12
Charges accrued	0.50
Overdraft limit	200.00
Cash available from Keypad	70.00

Key: 1 To confirm this payment
2 To change this payment
3 To cancel this payment

UP TO DATE INFORMATION.

BANK OF SCOTLAND

Make an Payment

Mandate No: 104
Type: B of Service Card
Reference: 4929371202937

Account to be debited on: 04th February 1985

Amount: £174.26

Bill paid by: 06th February 1985

No changes after: 30th January 1985

Key: 1 To confirm this payment
2 To change this payment
3 To cancel this payment

PAYMENT OF BILLS.

BANK OF SCOTLAND Standing Order Mandate Sheet

Upland Electricity	Monthly	30Jan85	30Nov85	32.40
British Gas	Monthly	06Feb85	06Sep85	31.15
Midshires Council	Monthly	01Feb85	01Mar85	57.81
General Life Ass	Monthly	31Jan85	H.A.	22.45
United Auto Ins	Quarterly	15Mar85	15Jun85	26.95

Key: 1 To view more details
2 To cancel this mandate

STANDING ORDER DETAILS.

BANK OF SCOTLAND Statement

AC/NO 00428407

Date	Details	Amount	Balance
11Jan85	398410	45.00	226.97
11Jan85	P & Oil	8.75	235.72
12Jan85	398412	27.42	208.30
13Jan85	Keypad 90375603	-100.00	108.30
14Jan85	Bank Giro Credit	47.52	155.82
14Jan85	398413	-29.98	125.84

Key: 1 To view more details
2 To cancel this statement

STATEMENT OF ACCOUNT.

BANK OF SCOTLAND Inter-account Transfers

From: Current Account No 00428407
Grant J A Pers Acc Home Banking Centre

To: Investment Account No 02037184
Grant J A Home Banking Centre

Amount: £100.00

Key: 1 To send
2 Not to send
3 Change accounts
4 Change amount
5 Change both

INTER-ACCOUNT TRANSFERS.

BANK OF SCOTLAND Cash Management

148 High St Southampton

ACCOUNT: 00101401 CURRENCY: STG

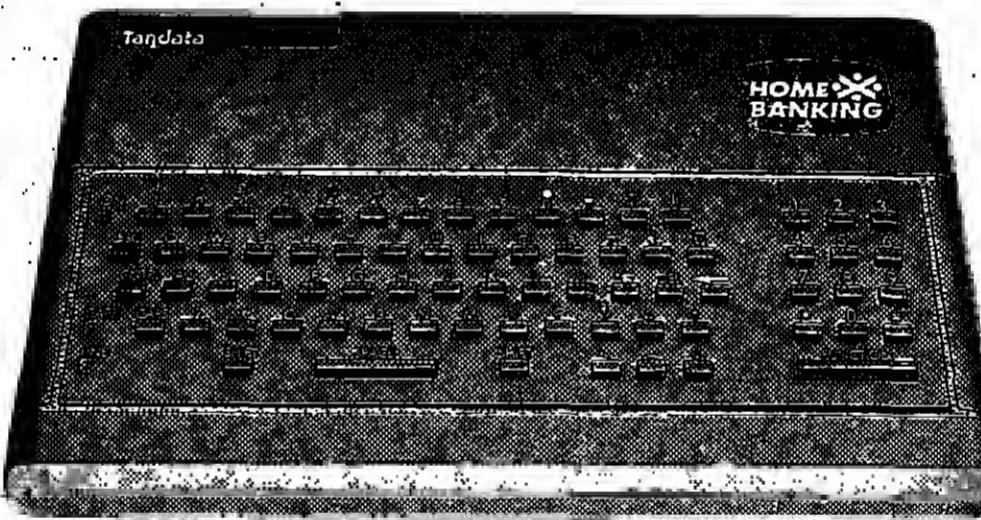
ledger position on 1st Jan 85
Debentures existing and cleared:
Position on 1st Jan 85

14Jan1985	1,456	504	1,733
15Jan1985	389	750	2,094
16Jan1985	0	1,048	1,117
17Jan1985	0	2,884	1,767
	327	0	2,094

Key: 1 To view more details
2 To cancel this cash management

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With Bank of Scotland's Home Banking service, direct access to your accounts is literally at your fingertips.

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In fact, most Bank services can now be carried out in YOUR own good time!

Monitor the ebb and flow of your Current Account.

Whenever you like—even on a Sunday evening—you can check your balance, see what transactions you have pending, any bank charges or interest accrued and details of standing orders. You can order a cheque book and statement, and see how much cash you can obtain at any given moment. And that's just for starters.

Pay bills just by lifting a finger.

Forget about queuing or posting cheques. Now you can pay key bills via Home Banking. Simply tell us how much you want to pay—and when—and we'll do the rest.

Move your money where the interest is.

Our Home & Office Banking Investment Account—specially developed for Home Banking—makes this easy.

Whenever you have spare cash in your Current Account, you can transfer it into our new Investment Account—simply by entering the details on your screen. Your money will immediately start to earn interest.

When you need to use it, even if only a few days later, you can transfer it back to your Current Account just as easily.

In this way you can make your money work for you, and still have it the moment you need it.

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With this service, Office Banking becomes a reality for many businesses.

They will find the service immensely time-saving and cost effective in keeping track of cashflow and verifying transactions through their bank accounts, as well as earning really useful interest on spare funds.

All these facilities are available now to businesses for payments which can be authorised by a single signature and developments currently in hand will provide for multiple authorisation in the future.

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A whole new world of communications and information is suddenly there for you to use in your own home.

Simple to use yet completely secure.

Home Banking is so easy to operate a child could do it. However, our security precautions are such that no child (or adult!) can—unless you choose to let them, of course.

To use the system you must first enter your Prestel security codes followed by your Bank of Scotland codes which only you will know. These can be changed by you at anytime.

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This is your opportunity to be one of the first to benefit from the technology of the future. And remember, you can use it anywhere in the UK.

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FT29/2

BANK OF SCOTLAND
A FRIEND FOR LIFE

Tiptoeing towards Mr Lawson

LONDON
ONLOOKER

THE JOBBERS had their red pens out again yesterday as they encountered a modest amount of selling in the last day of the account but by and large the equity market is softly tip-toeing towards the Budget next month.

A subdued level of trading is the norm around this time of year as the City awaits the Chancellor's statement and news from the corporate sector remains at a low ebb. Equity prices are less than 5 per cent below the peak of a month ago and for the present there seems little happening on the domestic scene to prompt a movement either way. Without a lead from Wall Street prices will probably continue to move sideways for the time being, perhaps edging down a little further.

The electricals and electronics sectors managed to fare reasonably well this week having fallen 14 and 20 per cent respectively from their highs by last Saturday. After the depressing news from the likes of Racal and STC, Plessey managed to report figures that lived up to the City's hopes—admittedly expectations had been trimmed back in recent weeks—and the rescue package for Acorn was unveiled.

Trafalgar's rights

Unlike STC's poorly timed rights issue last week, Trafalgar could not have judged the market much better to launch

its first rights issue for a decade. The group is asking its shareholders for £175m through a one-for-five issue at 315p a share. It surprised the analysts at first but once the full implications of the issue had sunk in it looked like the right thing at the right time.

To justify the issue Trafalgar paraded a string of separate news items underlining the need for a fresh capital injection including a hostile £37m cash bid for Haden, the mechanical and electrical engineering company.

Trafalgar was also able to tell its shareholders that it was tendering to buy the Yarrow shipyard, and competing in a consortium bidding for a contract to build a second Bosphorus bridge and super-highway in Turkey. There was also a potentially significant gas find in the North Sea. Sir Nigel Bracken is nothing if not active.

All in all Trafalgar is looking at an investment programme for the coming year which could amount to £250m. A commitment of that size could put the group's cash flow under some pressure but it could always borrow. So there is still a small

question mark over Trafalgar's ultimate intentions for the money it is raising.

It is not beyond the realms of possibility that the group is taking advantage of the fashionable image of conglomerates and a share price that has significantly outperformed the market over the last year to ready its balance sheet for a large acquisition. P and O is, of course, no longer a contender but that does not mean Sir Nigel is happy to sit back and work with the clay already in his hands. And while he may well have to pay more than £37m for Haden to win control that is not going to measure up as a big acquisition.

Rescue for Acorn

Acorn Computers has found a white knight in the shape of Olivetti, the Italian computer and office equipment manufacturer. Though the full sorry story of Acorn's finances are yet to be revealed, the peep that the market got of its trading performance in the six months to December last gave some indication of how close the company was to collapse.

The failure of the Electron in the fiercely competitive home computer market (in spite of drastic price cuts) combined with disastrous forays into the U.S. and West Germany were the company's undoing. Within a year Acorn has evolved from

a "glamour stock" to a "penny stock."

After stock write-downs on a small mountain of Electrons and the costs of withdrawing from the States and Germany, there was a loss of nearly £1m in the half-year. In the previous 12 months Acorn had made £10.3m pre-tax and seemingly could not put a foot wrong.

Now stunned shareholders are being asked to support a mammoth rights issue on the basis of 27 new shares for every 20 held. The price is just 8p a share, which compares with the suspension price of 28p and the peak of 183p last year. Messrs Chris Curry and Herman Hauser, who founded the company, will not be taking up their shares. Olivetti will buy those giving it 49.2 per cent of the equity for just £10.4m. The two directors have given the Italians the option to take their investment to over 50 per cent.

Deals have been struck with suppliers, bankers have offered support, at least in principle, and most important of all—the management has been strengthened: there is a new chairman and the search is on for a managing director with experience in the industry.

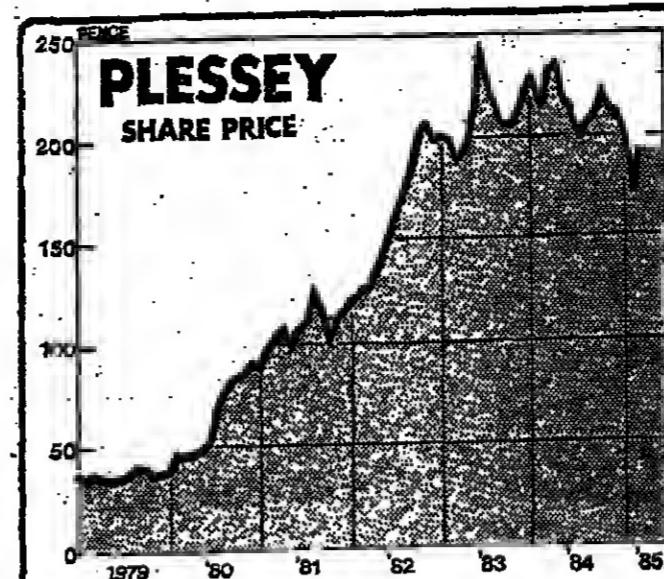
Nevertheless the future is still far from bright. A return to...prosperity hinges on Olivetti's ability to use its international marketing network to establish the company's products in the U.S. and Europe. The result cannot be regarded as a foregone conclusion.

Defensive move

Lord Matthews, chairman of Fleet Holdings, confirmed on Monday that his company is talking to Aitken Hume, the financial services company, with the intention of finding "a mutually beneficial association". The market had been expecting Fleet to bid for some days.

The move was immediately branded as defensive. Fleet has spent half its short life as a public company keeping a close eye on its share register. In the last eighteen months the shareholders have included Robert Holmes à Court, Robert Maxwell and now United Newspapers has 20.7 per cent of the shares. Even though its market capitalisation of £190m is £50m below that of Fleet the market believes a bid could emerge eventually.

The attractions of Fleet to United, or any other bidder come to that, is that the share



The figures, when they arrived on Thursday, were greeted with some relief. Profits in the third quarter were marginally down at £40.57m leaving the full nine months at £121.24m, against £124.6m—but there were no nasty shocks to upset the market.

The main reason for the setback is the drop in profits from the telecommunications division. Delays in commissioning System X by British Telecom resulted in a £4.25m loss from that particular activity.

System X should be profitable next year, however. Plessey has an order book of £210m and at long last the group has moved into full production. Output should rise rapidly over the next couple of years. Export orders are being sought but so far the System X exchanges are shackled to Telecom. That should ensure that there is a bedrock of orders for a decade or more but Telecom as a private company enjoying a monopoly position is not going to let System X turn into a crock of gold for Plessey.

In the U.S. Stromberg-Carlson is still making losses. The opportunities in America now that the telecommunications market has been deregulated are enormous but Plessey, through Stromberg, is in there fighting with all and sundry who can also see the rich rewards. There is no guarantee that Plessey will be rewarded for its efforts.

In the nine months to the end of December its cash resources have been depleted by £20m and it will be another six to nine months before the flow is reversed according to the company. Despite assurances to the contrary the market is bound to suspect that a rights issue will eventually emerge.

Terry Garrett

Volcker's shadow

NEW YORK

TERRY DODSWORTH

THE LONG, foreboding shadow of Mr Paul Volcker, chairman of the Federal Reserve Board, fell once again over the U.S. equity market this week. It was not quite baleful enough to blot out the early winter luster altogether; but it was sufficiently ominous to take a lot of the sparkle from share prices as attention switched back to the credit markets.

Appearing in Washington at the Senate Banking Committee, Mr Volcker as so often before, only articulated what many analysts had already claimed to detect—that the Fed was no longer deliberately encouraging a fall in short term interest rates.

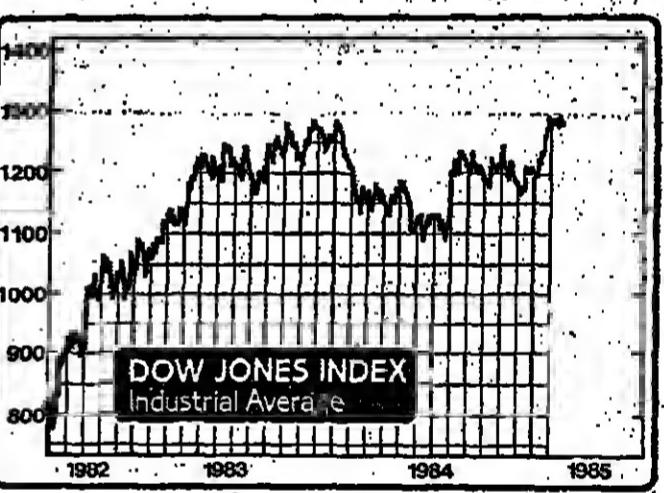
This move, he added, was not the equivalent of a tightening of monetary policy. But his admission that the Fed was acting more cautious in providing funds to the banking system was enough to suggest to the markets that the main direction of rates for some time will be up. They duly rose on Wednesday, the day of his testimony, and then leapt ahead on Thursday, three-month Treasury Bills, for example, moved from around 8.18 on Tuesday to 8.63 on Thursday, putting them back to the levels of last November.

On Thursday, the markets also had to absorb a further surprising item from Washington, when the Commerce Department announced another revision of fourth quarter GNP growth to put it at 4.9 per cent, a full percentage point higher than the last reported figure.

Other bids were launched this week by National Can, which effectively wants to buy itself for its workforce through an Employee Stock Ownership Plan—a device which now seems set to become a fashion at Wall Street too—and by Chasebrugh-Pond, which is planning a \$1.35bn takeover of Stauffer Chemical.

The market liked the first offer, which gives shareholders something to look forward to after a previous failed takeover offer, but it did not think much of the latter. It marked down Chasebrugh shares by 3% to 33¢, despite its reputation as a relatively successful acquirer and diversifier.

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Flair pays off again

Unlisted Securities Market

THE FLOTATION of Osborne and Little this week gave US investors their latest chance to put a price on flair. And not for the first time in recent months they valued this intangible, yet precious, commodity very highly. The shares of this up-market wallpaper manufacturer, which seemed to many observers fully valued at the issue price of 125p, shot to a 66p premium when dealings began on Monday.

They climbed still higher during the week to 215p, where they trade on a multiple of 34 times the earnings forecast in the prospectus. An astonished Sir Peter Osborne, joint founder, chairman and managing director of a company now capitalised at £14.5m, says: "I am surprised at how much the shares have taken off. It reflects a widespread admiration of Osborne and Little."

Significantly, the greatest demand for the 24 per cent of the equity that Sir Peter and joint-founder Antony Little have released on to the market came not from private investors but from financial institutions—buyers who were taking up the shares for their portfolios and not for a quick profit.

Clearly, the stock market still is thoroughly convinced of the appeal of design-oriented companies: consumers are seen to be more willing than before to pay a premium for good design, be it in home furnishings or anything else. Similarly, companies are spending more than ever on advertising and public relations services.

The problem is particularly acute when companies are growing very rapidly—either by recruiting new staff or by acquisition. Only this week, a recent USM graduate to the full market, the Wright Collins Rutherford Scott advertising agency, announced plans to buy an unquoted public relations company, Bliss Lancaster.

It seems probable that the eventual success of today's crop of design company new issues will depend on whether they can expand without harming their initial reputations for creativity and flair.

This is the difficult trick which Charles and Maurice Saatchi and Sir Terence Conran have managed so well. But it is one that has defeated many likely-looking competitors along the way.

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YOUR SAVING AND INVESTMENTS

Into the shelters, friends

CLIVE WOLMAN reports on some important matters for a taxpayer to ponder before April 5.

IT HAS taken its time to arrive. But this year, the more sophisticated circles of English society have adopted an American seasonal fashion, just as it has come under threat back home. To introduce into polite conversation the best tax shelters would still be regarded as, at best, count-guru on this side of the Atlantic. But thanks to the recent Government initiatives, the salesmen report an upsurge of interest this February in investments which will allow investors to be sheltered from the Inland Revenue if made before April 5, the end of the tax year.

In the U.S., conversations about tax shelters among the well-informed cover everything from tales of mishap when investing in cattle feed, or pornographic films to the publication details of art books and Bibles. The U.S. Treasury has however recently published proposals which would drastically reduce the opportunities.

Although the choice of tax shelters is more limited in the UK, the Government has been moving in the opposite direction. In the 1970s, tax shelter planning was limited to usually secretive and highly complicated tax avoidance schemes. But now the activity has come out into the open. "The search for tax shelters in March is becoming as much a seasonal event as the hunt for grouse in August," says Geoffrey Pointon, of financial consultants Pointon York.

You don't have to be rich to make use of tax shelters. Even a basic rate taxpayer should keep a few cards up his sleeve. But the higher the rate of tax you face, the wider the range of potentially profitable investment.

To see how a tax shelter works, consider the tax you pay on your income. If your marginal rate is 50 per cent, the taxman will take £500 from every £1,000 you earn. With a tax shelter, he will do the opposite. For every £1,000 you "lose" in the shelter, he will give you back £500.

The tricky bit comes when you want to extract your £1,000 investment from the shelter. The real attraction of the shelter will be if it allows you to do so without having to hand back once more the £500.

The most important reform introduced by the Government was its launch of the Business Expansion Scheme in 1983. This allows you to invest in almost

any incorporated business and to offset the full investment against your taxable income up to a maximum of £40,000 per year. Chief exclusions are investment in Stock Exchange quoted companies, financial services, farming and property dealing companies, and family companies.

Provided you can hold on for at least five years, you will also be able to extract your investment free of income tax. Your assessment will be for capital gains tax on any rise in the share price after adjusting for inflation.

This assumes you will actually be able to sell out your investment but if you are holding shares in an unquoted company, you may have difficulties in finding a buyer even if the company has been performing well.

There are two ways of squeezing out some of the risks of investing in small unquoted companies. One is by investing through a managed fund which will spread your risks across a variety of companies. One possible drawback at this stage in the tax year in placing money with a managed fund is that the managers may not succeed in finding sufficient investment outlets for all the money by April 5. In that situation, you will not receive all the tax relief you had planned on.

There is little doubt also that the pressure on managers to find suitable unquoted companies quickly last year led to many poor decisions and there must be the same risks this time round.

Only about half the money that has flowed into companies under the Business Expansion Scheme over the last 12 months has gone into funds. If you have sufficient resources, you can spread the risk across a range of companies.

Alternatively, or in addition, you can choose just one or two companies which represent low-risk investments because of the value of their physical assets behind them. Last year farming companies were all the rage, until BES support for them was withdrawn in the Budget. This year, property development companies have led the popularity stakes, followed by wine companies. Only yesterday, Limehill, a property development company concentrating on the London Docklands area, was launched under the BES.

Nevertheless, any form of equity investment in small companies is highly risky as the collapse of property companies

in 1974-75 illustrated. You should probably rule out BES investments unless you are considering an investment in a small company on other grounds, or unless you can get the terms to shoulder at least part of the costs as the adjacent decision tree suggests.

Be careful when calculating your top marginal rate of tax to deduct from your taxable income all the other reliefs and allowances which you would use anyway. These cover your personal allowances, including the age allowance, mortgage interest relief, covenant charitable contributions and, above all, pension fund contributions.

In fact, the pension fund tax shelter is the first one to which all taxpayers should turn, whatever their marginal rate. The Social Security Bill currently going through Parliament and the Government's personal pension proposals have highlighted the attractions of pension fund investment. More important, they have already led to greater opportunities for the individual employee and the self-employed to start up and adjust pension contributions.

The detailed problems of how to make use of pension tax relief will be discussed next week.

All taxpayers on marginal rates of 50 per cent or more, should look closely at the small industrial workshops tax shelter which will be withdrawn permanently on March 28. This is probably the most attractive of all tax shelters for high income earners because it is possible to borrow all the money that is needed to invest — and get tax relief on the interest.

Also, the risks are low — in fact one scheme, the Property Enterprise Trusts, is designed to eliminate nearly all the major risks.

Under this, you invest at least £5,000 gross in what is effectively a unit trust (although not under Government supervision). It then buys the freeholds or long leases of groups of small industrial workshops. These are let to local authorities on leases of 20 years to 25 years and in turn are sub-let to the ultimate occupants.

Because your properties will be spread across different locations and because the local authority guarantees the rental payments, repair work and general maintenance, the risks are small.

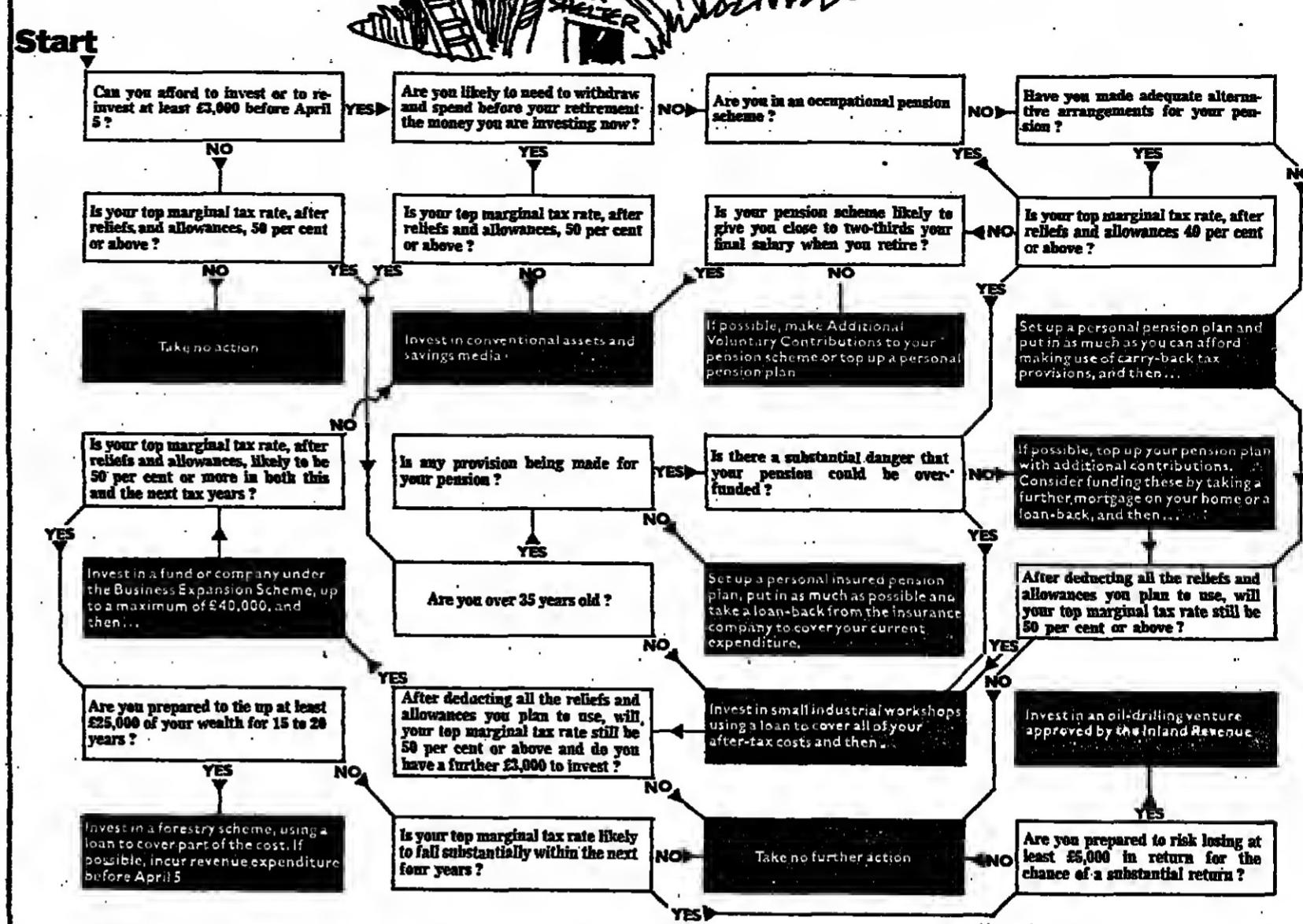
You will be given tax relief at your top marginal rate on the building cost. Your outstanding cost can, and in fact should, be met by a loan. In the early

years, the rental payments will cover, or come close to covering, your interest payments on the loan. But once the rent reviews start, you will be faced with a retrospective effect or that the members of your trust syndicate will not agree on a sale date.

Strictly speaking you should have to wait for 25 years before selling the property. Otherwise you will suffer a claw-back of the tax relief on your investment.

But in practice, this limitation is easily side-stepped by carving out an ultra-long lease from

Which tax shelter should you use?



"OUCH!" said the mining sharemarket this week when it learned of the half-year results of South Africa's Impala Platinum Holdings.

They were not just disappointing but downright bad with earnings down 25 per cent at R50.2m (£22.8m) in a period when the rival Rustenburg Platinum Holdings had raised its profits by no less than 88 per cent to R59.5m.

As Impala admits, its earnings should also have shown a substantial increase in view of the strengthening demand for platinum. So what went wrong? Simply, the answer is that Impala played the forward exchange markets and got it wrong.

Platinum is sold for U.S. dollars and last year the company took the view that the rise in the value of the dollar over that of the weakening South African rand might have gone far enough. So it sold forward about 30 per cent of its expected dollar revenue for the year to next June at the going exchange rate.

But as we all know now, the dollar just kept on rising, and as a result Impala missed out on a bonanza in rand revenue. The company also lost R34m in forward purchases of metal to meet customer requirements.

Impala stumbles

BY KENNETH MARSTON

What shareholders may find so galling is that, unlike a marginal gold company struggling to keep its head above water, Impala did not really need to take the risks of forward currency dealings.

Far from being in a desperate position the company had reported a jump of 34 per cent in earnings at this time last year and spoken of rising demand for platinum which called for increased production.

To be fair, if Impala's view of the coming exchange rate movements had been proved correct the company would now be basking in a certain amount of acclamation and Rustenburg would not be looking so clever.

However, the moral of the story is that mining companies should keep to the business they know — there are many sad examples of those who have found it cold outside — and forays into the world of foreign exchange dealings should only be made out of real necessity.

Things should improve in the second half to the point at

which Impala expects its net profits for the full year to June 30 to come out at about the same as those for 1983-84.

This suggests a maintained dividend, but Impala has now lost most of the higher dividend yield advantage it previously held over Rustenburg.

Meanwhile, Impala continues to increase production in order to meet platinum demand as does Rustenburg and the Lewish group's Western Platinum. This has prompted a reader to ask why, if demand is so good, the metal price has been sagging in the past few months and is currently around \$265 per oz (yes, about \$30 cheaper than gold).

Basically, the reason is that there is plenty of platinum available if supplies on the free market are taken into account. The mines, however, need to increase their earlier reduced output levels in order to supply the improved demand from their platinum-using industrial customers who would otherwise turn to the free market.

The prime importance is accorded to the quality and quantity of a mine's orebody. Companies favoured are: Vaal Reefs, Southval, Driefontein Consolidated, Hartbeesfontein, Kloof, Kurooss and Winkelhaak.

Milton Keynes for direct investment. The cost of each workshop is £61,250 gross and loan facilities are available to cover your net cost. But note that you get no tax relief on the land cost and there is no local authority guarantee.

The two other tax shelters mentioned in the decision tree demand fast footwork on your part if you are to be granted tax relief in the current tax year. Investment in forestry was discussed in detail on these pages on January 12.

Note however that to get income tax relief for 1984-85, you will need to acquire the land and incur planting costs and other revenue expenditure under tax schedule D by April 5.

U.S. oil drilling tax shelters first became available to UK investors under an Inland Revenue concession made a year ago. Alameco, the West Virginian based oil and gas producer which is quoted on the U.S. and UK stock markets, has organised with Upfolds Develop-

ment of Reigate, Surrey, a set of oil and gas drilling partnerships which are open until the end of the month.

A run of bad luck could mean the loss of all your investment. But if commercially viable amounts of oil or gas are discovered, your returns will be taxed at your top marginal rate in the year they accrue.

Some telephone numbers: Limehill: 01-660 9222; Property Enterprise Trusts: 01-486 6994; Pointon York: 01631 3015; Upfolds Development:

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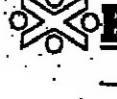
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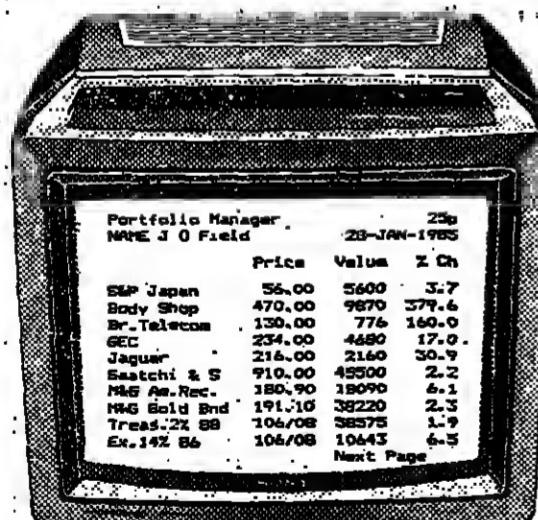
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YOUR SAVINGS AND INVESTMENTS

Margaret Hughes reports on a new system that will penalise bank depositors

Even the children need tax havens now

FEW CHILDREN, however precious, are likely to have given much thought to tax havens.

But they, along with other non-taxpayers such as pensioners and those with fluctuating tax liabilities, would do well to check the attractions of such offshore centres as the Channel Islands and the Isle of Man. For they will be penalised once banks are required after April 5 to deduct tax at source from depositors' income.

There are also advantages to taxpayers in going offshore because they can defer their tax liabilities.

It is estimated that some 3m non-taxpayers hold savings and deposit accounts. These will be individuals whose incomes are less than their personal allowances, including age allowances, after taking into account other reliefs. At present they receive their interest gross on their bank deposit or savings accounts.

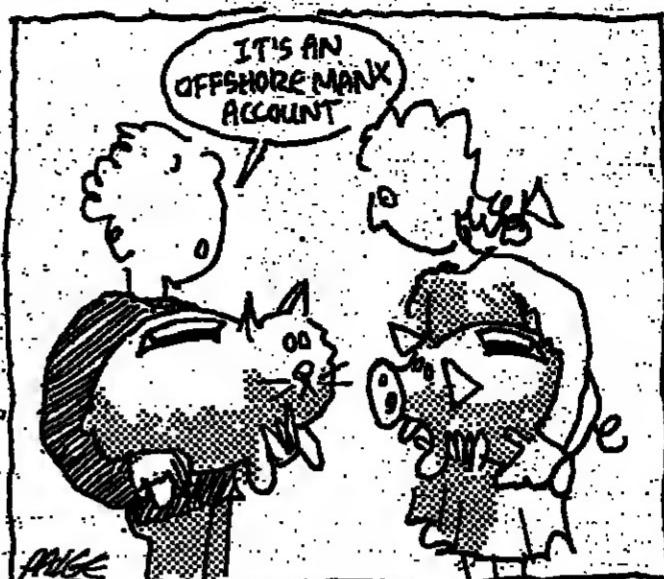
But from April 6 banks will have to join building societies in deducting tax at source of a common composite rate (CRT) now 25.25 per cent. The composite rate is below the basic tax rate of 30 per cent because it takes account of the fact that a proportion of the building societies' and banks' depositors

are non-taxpayers. Taxpayers benefit because the composite rate is lower than the rate they would normally pay on their income. But their gain is the non-taxpayers' loss because they too will now be paying tax on their bank interest at the composite rate. The rates are now improving the rates of return on their savings and investment accounts and launching new ones to compensate for the introduction of CRT.

But non-taxpayers would do better either to switch their bank deposits into National Savings or into Government securities sold through the National Savings stock register. These are the only savings media which will now pay interest gross.

Alternatively they can move their funds offshore to the Channel Islands or Isle of Man where all the main clearing banks and several of the major chartered banks have overseas branches or locally incorporated trust companies, a service which building societies cannot offer.

Those branches or subsidiaries offer a similar range of deposit and savings accounts paying returns similar to those of their parent companies in the UK. In some instances, as with



Barclays Bank, the initial balances required to open a higher interest account offshore are lower than those onshore. The accounts available offshore include children's accounts, such as Barclays Super Saver, Lloyds Bank's Black Horse Young Saver, Midland's Griffin Account and National Westminster's 'Piggy' and 'On-line' accounts. The two latter

are offering the best return of 13 per cent gross. For UK residents who are longer in the tooth the most popular accounts are likely to be the high-interest cheque book accounts which offer most flexibility. Midland Bank offers its High Interest Cheque Account offshore.

So, too, does Barclays. In the Isle of Man it offers its Prime Account with the same return and conditions as its UK equivalent. In the Channel Islands its comparable account is the High Interest Call Deposit account. Here the initial deposit at £2,000 is £250 less than that required to open an account in the UK but there is a 50p charge for each cheque withdrawal and there are no standing order arrangements.

The bonus declarations of both Royal Life and Scottish Equitable are relatively straightforward. By projecting current reversionary bonuses and terminal bonuses over the duration of the contract, the investor can obtain an idea of the likely returns from each company. The results are given in the tables for 10-year and 15-year contracts.

The pitfalls of making such comparisons are obvious as there is no guarantee that life companies can even maintain their bonus rates in the future let alone increase them. At present each life company can prepare a quotation on whatever basis it likes and far too many brokers select a life company for their clients on the basis of a bottom-line figure in the quotation without looking at the underlying assumptions.

So the pressure is on life companies to provide quotations on more optimistic assumptions and add any warnings in small print.

When presented with quotations you should study the small print with care and question your broker on the implications. You should also look at the investment performance of the company.

Bonus projections were introduced many years ago in times of stability when bonus rates changed little with time.

Conditions are now quite different. Reversionary bonus rates have not been cut since the Second World War. Indeed, the trend has been steadily upwards.

used to withdraw funds at any NatWest or Midland cash dispenser.

To open an offshore account customers need only to walk into their branch or any high street branch of a UK bank and ask for the facility. Under Section 482 of the 1970 Taxes Act British banks cannot take the initiative to persuade UK residents to move their funds offshore. But they are perfectly free to make the necessary arrangements at a customer's request.

Anyone opening an offshore deposit account is obliged, as with any UK bank account, to report any interest received to the Inland Revenue. On bank deposit accounts held in the UK banks are required to report any interest paid in any individual case if it reaches £150 a year. However, the Inland Revenue does not require them to do so on accounts held in the Channel Islands, Isle of Man or anywhere else outside the UK. If the customer chooses to have the interest paid directly into his UK bank account there is again no reporting requirement imposed on the banks by the taxman.

Non-taxpayers are the most obvious candidates for moving offshore. Most of these will be children. There will be, however, a particular advantage for those making covenants in favour of children to pay the money into offshore accounts. It could be similarly an advantage for those who are made redundant and receive a lump sum rather than a pension.

Non-taxpayers apart, there could also be benefits for others. In moving offshore, bank customers will be liable to pay tax on their interest received at the end of the final year of their basic or marginal rates. For a basic-rate taxpayer this means that they would be liable to 30 per cent on percentage points more than CRT. But by deferring the tax payment instead of having it deducted at source, they enjoy the use of the gross interest either to improve their cash flow or to reinvest. Although banks do not promote the facility, it is possible to "roll up" interest in an offshore bank deposit account. There will be two-tiered interest rates above the normal deposit rate with a minimum balance of £1,000 required to open the account. There will, however, be no cheque book facility.

Lloyd's Bank's new High Interest Cheque Account also available offshore, differs from those of the other four clearers in that it has no minimum withdrawal limit. It too offers a cash-point card which allows customers to withdraw £300 a day. An account holder in the Channel Islands, for instance, can withdraw cash from any of Lloyds' 24 cash dispensers in the UK. National Westminster Bank is alone among the four major English clearers not to offer a Special Reserve account. It has a Special Reserve account, which pays a higher interest now the best at 13.75 per cent on balances of between £2,000 and £9,999 and 14 per cent on balances of over £10,000. In its offshore branches, The Isle of Man, incorporated in the Isle of Man, offers an Easy Access account. This has a three-tiered interest structure ranging from 13.25 per cent to 13.75 per cent. As with Special Reserve, cash dispenser facilities are available through a parallel free banking current account. The cash card can be

used to improve their cash flow or to reinvest. Although banks do not promote the facility, it is possible to "roll up" interest in an offshore bank deposit account. Only when the deposit and the rolled-up gross interest is withdrawn from the account will the depositor become liable for tax. Anyone approaching retirement or planning to become an overseas resident can thus defer their tax liability until they either move into a lower-tax bracket or (as a non-resident) become exempt from UK tax.

Anyone contemplating a move offshore would, however, be well advised to stick to the offshoots of the big-clearing and other well-established UK banks.

Although supervision has been tightened in the Channel Islands and, more particularly, in the Isle of Man since the recent bank collapses there, offshore banks are not covered by Bank of England regulations.

Investors would not therefore be covered by its depositors' protection scheme. You will therefore have to rely on the good-will of the UK parent bank to guarantee your savings.

A puzzle for investors

ERIC SHORT concludes

his series on the workings of 'with profits' life assurance policies by considering how salesmen project your likely returns from buying a policy.

WHEN an investor is considering a savings plan, he likes to have some idea of the return it offers.

The National Savings Yearly plans currently offers a return of just over 3 per cent, free of tax. This enables the investor to compare the rates offered by different plans and different institutions.

But a statement of current bonus rates on traditional with-profit life contracts provides no help in estimating the expected return on the contract or in comparing the various life companies.

MC2 -

For example, how does the investor compare two life companies, which have been selected at random from the wide choice currently available?

Royal Life - current rates for assurances

Reversionary bonus rate 24.70 per cent of the sum assured and £8.20 per cent of attaching bonuses.

Scottish Equitable - current rates for assurances

Reversionary bonus rate 24.70 per cent of the sum assured and £8.20 per cent of attaching bonuses.

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YOUR SAVINGS AND INVESTMENTS

How to overcome infuriation

IF YOU have ever felt infuriated by the loss of a large no-claims discount as a result of a car accident which was another drivers' fault, take a look at a simplified insurance policy launched last week by the Trustee Savings Bank.

The TSB Motor Insurance dispenses with the no-claims discount or bonus approach followed by nearly all other insurance companies.

Under the no-claims system, insurance companies charge a high basic premium which is progressively reduced by the No Claim Discount for each year free of a claim up to a maximum discount of 60 per cent, 65 per cent for some insurance companies.

A claim can set the discount back one or two years, even if the motorist considers the claim was not his fault.

The TSB has introduced different criteria for seeking out

safe drivers.

Premium rates depend on the various factors in motor insurance and evidence, type of age of car and age of driver, but within each rating, there is just one premium. The motorist has to fulfil the following conditions:

- They must be between 25 and 74 and have driven for the last three years on a full driving licence without a motor insurance claim.
- Entitled to at least three years NCD.
- Drive a family saloon, hatchback or estate car.

The car must be used only for social, domestic or pleasure.

All drivers of the car must be without motoring convictions in the past three years and with no prosecutions pending.

The TSB, however, will ignore fixed penalty parking offences and up to two speeding offences.

The motorist must not suffer from any illness or infirmity which could affect his driving.

The TSB is thus seeking a low-risk experienced driver.

The contract provides cover for the motorist and spouse. If other persons are to be included in the cover then higher premiums have to be paid.

The extra charge is on a straightforward basis—10 per cent for up to two named drivers and 20 per cent for any other driver.

The contract also incorporates other unusual features.

The premiums are quoted monthly and should be paid monthly unless the motorist insists on annual payments.

Premium increases, however,

take place on the policy anniversary and cover is for a year.

Motorists get a free green card for driving in western Europe for periods up to 30 days. Most insurance companies

charge for green cards.

A single accident will not affect the motorist's safe driver status, though persistent accidents could cause problems if they are deemed to be the motorist's fault.

What if a motorist does not meet the safe driver conditions?

The TSB contract is underwritten by Royal Insurance, and anyone not fulfilling the conditions will be advised to see the Royal or any other insurance company.

The simplicity of the contract does not make it the cheapest on the market.

The TSB claims only that its rates are competitive for the drivers it wishes to attract.

If a motorist wants the cheapest insurance from a reputable insurer, he should consult a registered insurance broker specialising in motor insurance who has access to a comprehensive motor insurance system, such as the one operated by Quoteline.

Take two examples. The first example is of a driver aged 28 living in Inner London with a new Ford Escort 1300 GL. The monthly premium under TSB motor insurance for cover for himself and his wife is £14.67.

The top monthly premium according to the Quoteline service for roughly equivalent cover is around £13.80.

Exact comparisons are difficult, since almost all insurers still quote annual premiums with an extra charge for monthly premiums. Even so, the TSB rate is competitive.

The second example is of a 45-year-old driver living in Cornwall, owning a new Sierra 2.0 GL. The monthly TSB premium for himself and wife is £10.41—a premium rate that is bettered by only two insurers.

George Graham

UK Department of Health and Social Security, in order to avoid a demand for contributions to the U.S. system.

Similarly, an American sent to the UK should obtain a certificate from the U.S. Social Security Administration to avoid paying British National Insurance contributions.

If you are expecting to stay more than five years, you will in most cases immediately join the scheme of the country you have moved to.

The Department of Health and Social Security has published a leaflet, SA 33, explaining the working of the new agreement.

Eric Short

Good news for some expatriates

BRITISH and American expatriate workers stand to gain between £900 and £2,500 as a result of the agreement between the two countries on social security.

If you are British and working in the U.S., or an American working in Britain, you will no longer have to make social security payments in both countries. But you cannot choose the system you prefer.

If a UK employee is sent to the U.S. for a period he expects to be less than five years, he will continue to be covered by the UK social security system. His employer must obtain a certificate of coverage from the

UK Department of Health and Social Security, in order to avoid a demand for contributions to the U.S. system.

Similarly, an American sent to the UK should obtain a certificate from the U.S. Social Security Administration to avoid paying British National Insurance contributions.

If you are expecting to stay more than five years, you will in most cases immediately join the scheme of the country you have moved to.

The Department of Health and Social Security has published a leaflet, SA 33, explaining the working of the new agreement.

George Graham

In some cases whether the UK or U.S. social security system applies. But employer and employee could each save between £900 and £2,500. The onus is on you to apply for exemption from one set of contributions.

The Department of Health and Social Security agreement will allow contributions to one system to be taken into account in assessing benefit entitlements under the other.

Bruce Fink, of the accountants firm Arthur Young, says the agreement leaves it unclear in what cases whether the UK or U.S. social security system applies. But employer and employee could each save between £900 and £2,500. The onus is on you to apply for exemption from one set of contributions.

The Department of Health and Social Security has published a leaflet, SA 33, explaining the working of the new agreement.

Eric Short

Enter the ombudsman of banking but only for new grievances

David Lascelles reports on the big banks effort to placate dissatisfied customers

and those who felt £25,000 was enough.

The banks modelled their scheme on the insurance ombudsman because he is generally judged to have been a success, even though his start was auspicious. Only three insurance companies took the original initiative. And although an estimated 80 per cent of the insurance industry is now involved, some large insurance companies like Eagle Star have stayed away to run a rival arbitration scheme.

The trouble with arbitration from the consumer's point of view is that the finding is binding on him. If the ombudsman finds against a complainant, he can expect that finding to stand up to law.

The Insurance ombudsman does not publicise details of the companies involved in his investigations or the size of the awards he makes. But his annual report says how many times he found in favour of companies and individuals. In 1983, he dealt with 301 cases. Of these he confirmed 222 decisions by the insurance companies and overturned 52 in favour of the complainant. In the remaining 17 cases, he persuaded the complainants that they had misunderstood their policies.

As with the banking ombudsman, the expense of the scheme is borne by the industry, so it costs a person nothing to go to him. This has led to accusations from those who lost their case that the ombudsman is in the industry's pocket. However the Council, headed by John Macintosh, is adamant that they ensure his independence.



award of up to £50,000.

Though the public will be able to approach him directly, he will investigate complaints only when he is satisfied that the bank's own procedures have been exhausted. An important point is that once a complainant accepts the ombudsman's ruling, he forfeits the right to take further legal action.

The ombudsman will be able to investigate all types of personal complaints (including those from partnerships) against a bank, except the commercial reasons behind loan decisions. So you will not be able to object to a bank's refusal to lend you money if it thinks you are bad credit risk.

The banks' move has been welcomed in consumer circles, not just because there is a need for an ombudsman, but because the complainant, he will be able to compel the bank to make an

award of up to £50,000. Though the public will be able to approach him directly, he will investigate complaints only when he is satisfied that the bank's own procedures have been exhausted. An important point is that once a complainant accepts the ombudsman's ruling, he forfeits the right to take further legal action.

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The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies, if the figures are unaudited.

as at close of business on Monday 18th February 1985			as at 31st January 1985								as at close of business on Monday 18th February 1985			as at 31st January 1985							
Total Net Assets (£ million)	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	Geographical Spread				Total Return on NAV over 5 years to 31st Dec 84 (£ million)	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	Geographical Spread				Total Return on NAV over 5 years to 31st Dec 84 (£ million)	
						UK (7) %	Nth Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100						UK (7) %	Nth Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	
459	CAPITAL & INCOME GROWTH	Independently managed	635	3.0	888	39	49	7	5	93	344	70	Viking Resources	79	2.0	118	28	62	-	118	161
104	Alliance Trust	Touche, Remnant	100	3.5	126	44	41	10	5	106	344	16	Edinburgh Fund Mgrs.	537	2.0	722	36	25	-	27	221
248	Bankers	John Govett	168	2.8	230	44	27	22	7	107	256	32	Winterbottom Energy	100	1.0	123	14	86	-	66	195
316	Border & Southern	Independently managed	358	5.1	502	43	39	17	1	55	298	12	Technology	96	-	107	59	28	2	46	+
72	Brummet	Kleinwort Benson	73	3.9	100	47	36	6	11	95	293	63	British American & Gen.	105	3.5	125	52	36	9	99	250
85	Charter Trust & Agency	Kleinwort Benson	52	3.7	104	58	28	14	2	94	291	84	Fleming Technology	159	2.0	213	33	39	21	91	318
134	Continental & Industrial	Schroder Wag	542	4.0	776	57	41	-	2	101	252	317	Independent TR Technology	99	2.4	134	33	47	16	102	315
177	Drayton Premier	Montagu Inv. Man.	404	5.6	561	56	27	14	3	95	315	102	Comm. & Energy (cont.)	79	2.0	118	28	62	-	118	161
536	Edinburgh Investment (w)	Dunedin Fund Managers	113	3.4	154	46	38	17	9	105	315	17	Viking Resources	537	2.0	722	36	25	-	27	221
598	Foreign & Colonial	Philip Hill	241	2.5	169	39	35	17	9	105	284	32	Edinburgh Fund Mgrs.	100	1.0	123	14	86	-	66	195
59	Globe	Electra House Group	270	4.8	366	63	25	7	5	102	251	117	Technology	9							

YOUR SAVINGS AND INVESTMENTS

The Charter Trust & Agency PLC

Highlights of the year
(ended 30th November 1984)

Earnings per share	2.16p	+8.5%
Dividend per share	2.15p	+8.9%
Net asset value per share	91p	+11.8%
Total assets	£75,213,713	

Increase in unlisted securities

An increased proportion (16.2%) of the fund is now invested in unlisted securities... your Board is very encouraged by the progress being made by the majority of the investments held in this category both in regard to the profits growth of the individual companies and their prospects of obtaining a full listing or U.S.M. quotation.

Extract from the Chairman's Statement

MANAGERS

KLEINWORT BENSON

INVESTMENT MANAGEMENT

Copies of the Annual Report & Accounts are available from the Secretary, 20 Fenchurch Street, London EC3P 3DR.

A member of the Association of Investment Trust Companies

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USM/OTC Review, 32 Fleet Street, London EC4Y 1AU

Getting the most from credit cards

THE EVER-GROWING popularity of credit cards was confirmed last week when Marks and Spencer, the UK's largest retailer, succumbed to the trend and announced the launch of its own version.

Credit cards are an expensive way to borrow over a long period. The Annual Percentage Rate (APR) of interest they charge invariably will be higher than the interest on an overdraft or even a personal loan. But, used carefully, credit cards can provide you with as much as 56 days' interest-free credit.

With Access and Barclaycard, interest is charged as soon as you withdraw cash. But if you use the card for purchases, you usually are given 25 days after the date of your statement, before interest starts to accrue. You can thus, receive 26 to 57 days of free credit depending on when in the month you used the card.

Other factors may extend the period further. In particular a delay before the retailer sends his bill to the card company. This might be a considerable time if you have used the card abroad. Exchange rate fluctuations also can complicate matters.

On the whole, however, the best economic use you can

make of your credit card is to clear the balance each month, allowing no interest charges. This is worth noting again at a time when the major credit cards are revising their interest rates upwards.

The banks taking part in the Access scheme already have raised their rates, but these depend on where you hold your account. Apart from Williams and Glyn's and the Royal Bank of Scotland, the APR faced by Access-users has gone up this month to 26.8 per cent. But Williams and Glyn's increased its rate to 30.6 per cent on February 6.

Any anomalies in the rates between banks are unlikely to persist for more than a few weeks. But the banks probably will be waiting for the Budget before they make changes.

If you hold an Access card with Williams and Glyn's or in the Royal Bank of Scotland, and

you might prefer to use the letter for any purchases on which you are likely to be paying interest in the next few weeks.

Barclaycard is charging an APR of 23.1 per cent on purchases until March 1, when the rate will rise to 26.8 per cent.

The new Marks and Spencer charge card will be introduced on April 2. The firm's 264 stores do not accept any other cards, and its own card is expected to become the third most widely used in the country after Visa and Access.

At the moment, Marks and Spencer expects to charge an APR of 28.3 per cent and is offering a credit limit of £1,500 though possibly more if requested. Five per cent of the outstanding balance, or £10, whichever is greater, is payable every month with interest charged on the rest. The card can be used to buy all M & S

goods, including food. Selfridges has been charging an APR of 23.8 per cent on its card, but is now considering a further upward hike.

Other leading stores have not yet revised their rates: Harrods still charges 25.3 per cent, John Lewis 21.6 per cent and Austin Reed 23.1 per cent. Boots, however, has moved up from 23.1 per cent to 26.8 per cent.

If you hold an American Express Gold Card you are eligible for an immediate overdraft facility of £7,500 at an interest rate of 2.5 per cent above the base rate of your selected bank. Barclaycard offers a similar facility to its Premier cardholders.

With either of these cards, you can—by using your overdraft—ease the pain of complying with the normal stipulation that you clear your account at the end of each monthly billing period. The overdraft facility offered compares very favourably with the four major clearing banks, which varies from 3.5 per cent above base.

To qualify for an American Express Gold Card, however, you must earn at least £20,000 and pay an initial £20 fee. After that, it will cost you £50 a year.

Household risks and china jugs

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

We have been in dispute with our insurance company since last August over the definition of "household" when applied to an all risks policy. A claim was made for a china jug, part of a wash-stand set, circa 1910, valued £200 and at the time of accidental breakage used decoratively for dried grasses.

For this reason we maintain it cannot be considered as a "household" item i.e. it is of no "household" functional use. In the past, items such as coffee jugs, Doulton dishes were rejected as coming within this category.

The insurance company has now conceded that the china jug comes within the description of "personal effects" since it was a gift to my wife. The insurance company subscribes to the Personal Insurance Arbitration Service and we were advised to take our dispute there. However, the company is preventing us from doing so by refusing to allow us to make an application. The rules of this organisation provide for joint applications from both parties. Should we try and interest the officers of Fair Trading?

We agree that there might be some point in inviting the Director General of Fair Trading to consider the arbitration service in question. If your insurance policy does not contain a submission to arbitration it would be necessary to get a consent to submit to arbitration on an occasion such as this. Your alternative course is to make a claim in court under the Small Claims procedure.

Infringement of future lights

But with steadily growing profits, Hazlewood has doubled its share price over the last year to £11. Hills says it has been acquisitive and has shown its ability to make the acquisitions work. "The bigger they get, the more large brokers recommend them," he says, noting that stockbrokers Phillips & Drew has just advised clients to buy the shares.

Hills says he relies on only a few stockbrokers. Schroders also does a lot of its own research.

Hawley Group is a company with substantial overseas interests. With more than half of its earnings coming from the U.S. it is, in Hill's view, a prime beneficiary of the strength of the dollar, but one that is misunderstood by the market.

Hills has visited the U.S. operation. He was impressed by it and by the company's senior management — Michael Ashcroft, the chairman, and director Peter Bain.

But with a frenzied record of acquisitions and rights issues Hawley has not always been universally popular in the City. People have gold shares because until now Ashcroft's hasn't been prepared to stand still and let people see the growth coming through," Hills says.

Once the picture becomes clearer, Hills sees no reason why Hawley shares should not trade much higher, reflecting the profit the company is making.

Though Hawley, for example, is a group that has changed rapidly in character, Hills likes to be sure that companies he invests stay true to this original assessment of them.

If there's a suggestion that they are changing course, or there are key departures from management, or there is diversification you don't agree with, you have 'watch out,' he says.

Our estate is worth some £280,000 which gives us a current CTT liability of £159,000, when passed on to our son, the sole beneficiary, on our joint deaths. Our son, now 26, is an alien resident in the U.S. having married an American citizen four years ago. I know this exempts him from English taxes and this situation has been agreed with the Inland Revenue; but what about CTT on our deaths? Can this be avoided in any way?

Our son has no assets in this

country and does not intend to return here permanently. He has been resident in the U.S. for five years.

Your son's foreign residence will not assist in the reduction of Capital Transfer Tax on the deaths of his parents, but you can dispose of your estate to maximum advantage e.g. the gift to your son of £64,000 on the death of one of you if survived by the other, with the residue going to the survivor. You would be wise to consult a solicitor.

Maintenance order

I was divorced a couple of years ago. My former wife has been receiving rents from letting rooms in the jointly owned house. I moved out in April 1982. Since January 1984 she has lived at another property. She paid the mortgage instalments up until August 1984.

The house is now about to be sold. A Court Order in July 1984 said that the net proceeds of sale should be £1 to former wife and £1 to me.

She is now taking action for small maintenance sums ordered in July 1984. I have intentionally not paid these sums because of the rents which she has received. It seems that my share of the surplus rent would be far more than her maintenance.

Can I successfully act against her for my share of the rents? Do you consider that my proportion should be £1 (as joint owner) or £1 (in line with sale proceeds)? How do I oblige her in account to me properly for these rents?

Once the rent position has been balanced against her, I intend to resume paying the latter.

She is about to buy another house jointly with her male friend.

Does this mean an end to her maintenance rights?

Having only been awarded £1 of the first house do I have any legal claim on the capital of her second house?

You must pay the sums due under the court order. If you want a ruling on the past rents, you should make an application to the court. In the absence of such a ruling, you might claim up to one half of the rents (after payment of mortgage and other outgoings) out of them up to the date of the court's order dealing with the sale, and thereafter £ only. You can seek a revision of the maintenance order if your wife sets up house with her friend, but you would have no special claim in this.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered as soon as possible.

Wildlife under the axe

Time is running out for the tropical rain forests—one of the world's most important wildlife habitats, home of nearly half the Earth's species of plants, birds and mammals—including primates like these pictured here:



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TRAVEL

Energetic holidays are a hit

BY ARTHUR SANDLES

THOSE WERE the days. A holiday was a holiday. Beaches, sunshine, the occasional drop of Sangria and a leisurely trip to Manuel's for some fried squid. It was back to the office on Monday morning with the Kodachromes and a sun-burned nose. That's what a holiday was.

But not any more. The high-fibre people have got at it. The annual break is not up to standard unless you've climbed a mountain; learned to ride or studied ancient Greek. And the high-fibre holiday menu is a lengthy one.

The latest addition to it is the English Tourist Board's new *Activity and Hobby Holiday* brochure (£1.25).

To study this booklet is to come to the conclusion that the entire British population has abandoned its armchairs for the energetic and brain testing. The range of walking-holidays alone is huge.

The booklet demonstrates, however, that you do not have to leave our own shores for such daunting pursuits as hang-gliding and trail riding, caving and canoeing. The list of cerebral pursuits is equally impressive, but more of that next week.

In the case of almost every special interest there are at least three types of break on offer.

(a) A holiday where leisure facilities are available, with golf course, tennis courts and even flower arranging.

(b) The "just for fun" trip; like pony trekking, flotilla yacht holidays and painting weekends.

(c) Enthusiasts' trips. You would expect everyone to be competent in the skills concerned and the conversation rarely to wander off the activity.

Some holidays do not fit into these arbitrary sectors, like dogsledding and white-water rafting and the children's and young people's camps and trips.

If you are serious about your interest, then make sure you travel with the like-minded. Probably the two biggest growth activity holiday fields at the moment are riding and sailing, and questions about skill, experience, age, weight and expectations are essential.

Many holiday offers today combine effort with culture.

Holidaymakers trek through the forest

The companies clearly suppose that their customers will have high standards in things other than archaeological sites and local flora. Serenissima, for example, has excellent, if pricey, trips. Its sister company, Heritage, should not be overlooked.

And its brochure on a trip to the Himalayas says: "Although the route of this tour is at low altitude (maximum height 9,000 ft) we must insist on the participant producing a doctor's certificate and obtaining full insurance cover."

Both Serenissima and Heritage tend to have a cultural emphasis. At the other end of the scale you have a company such as Sherpa, which has a strong cultural undercurrent, but where the prime emphasis is on adventure.

Sherpa, which grades its trips according to difficulty (meadow wandering gets an A for ease, the tough route to Everest a D for difficulty), does treks in India, Nepal, Africa and Peru.

Most of the companies mentioned have Air Tour Operators' Licences, and/or ABTA membership, which mean that your holiday money is protected. If neither ABTA nor ATOL logos appear on the brochure or booking form, ask questions.

You will find these reassuring signs around a string of companies that offer flotilla sailing around the coastlines of Greece, Yugoslavia and Turkey. Fairly typically four people sharing a self-cruising small boat in a flotilla will cost £400 to £500 a person. Look for names like Falcon, Phoenix, Island Sailing... and the key letters ATOL.

If that does not appeal, then the French National Tourist Office in Piccadilly, London, will give you details of ballooning holidays in the Jura (by the Quixote Ballooning Group). Again there is a proviso. These trips are limited "to active people over 18."

Britain provides a remarkable wealth of special interest and activity holidays. Travel columns have great difficulty in dealing with the Topic, not only because of the range, but because it is a fragmented industry made up of thousands of enthusiasts. Some, however, run pretty awful set-ups.

The pre-screening, plus the ironing out of visa and other administrative problems, is why I would command my tour company rather than do-it-yourself for activity and culture holidays abroad. A personal visit before seeing if the accommodation and equipment look up to standards.

But readers who are encouraged to leap into this mad world do so at their own risk. Cracked skulls and migraines from late-night swatting on the history of the Incas are natural hazards.

Further information: the English Tourist Board's brochure should be on the bookstalls now or can be obtained from local tourist boards. The Welsh, Scottish and Northern Ireland tourist board's will provide similar lists (write to Mr Duncan Black, chairman of the British Tourist Authority). The French list is part of its annual.

The Traveller in France, which is worth getting anyway. All other brochures mentioned should be available from travel agents. Get several before making a choice.

Lailan Young reports on lunch and business in Paris

Hands across the eel terrine and pigeon

IN FRANCE business and food go together like the fish terrine and its crayfish sauce. Le business, in fact, is what famous French chefs do to make lots of money: television appearances, endorsing gourmet products, writing books. If you are in Paris on business of a British nature you should remember that you are dealing with a nation of foodies.

There are two restaurants in Paris at present where to provide hospitality ought to ensure that French guests will agree to almost anything. One is Tillie-vent, 15 rue Lammens (tel 561.12.90). One of the few French restaurants to insist that its clients wear ties, it is the epitome of *bon ton à l'anglaise*, which the French prudently take for civilised good taste.

Tillie-vent is a proviso. The menu is £20. Again allow 500 francs in côte. The wine is not cheap, but the excellent sommelier will find something good under FF 150.

At the Ritz (26.38.30), and for the restaurant enter from the rue Cambon, the Espadon Grill is a prettily decorated room with an oil fresco feel, looking out to a courtyard full of imitation statuary. There is nothing false, though, about the enlightened classicism of chef Guy Legay's food, and the service is outstandingly good. The menu costs FF 210, allow 450 in côte, and the sommelier will expertly select the right bottle at prices from about FF 120.

Other hotels where the restaurants are now seriously regarded include the Sofitel Bourbon, Bristol, Nikko, and the perfectly situated Meurice.

For those with families, there is an excellent eating place half way up the major tourist attraction, the restaurant Jules Verne (tel 555.20.04) is reached by private lift from the southwest foot of the Tour Eiffel. It is astutely designed in blacks and greys to throw into maximum relief the fabulous views from the windows. The best tribute to the chef, Louis Grondard, is that often there are more Parisians than tourists in his dining rooms. The weekday lunch menu is FF 170, allow up to FF 400 à la carte, but hook well ahead (three weeks).

Finally, anyone having a cooking enthusiast in the family will be drawn toward the food shops of the Place de la Madeleine. Here at number 21 Hédiard has opened a light and airy restaurant above its new charcuterie (tel 266.09.00) where quick, three-course meals can be had for about FF 200.

nowadays you can entertain in its restaurant without risking gastronomic scorn. The leader in bringing about this change is the Crillon, 10 place de la Concorde, (tel 265.24.24) lavishly revived by Jean Taittinger of the champagne family. Les Ambassadeurs must be the most palatial dining room in Paris — a lofty hall of marble, gilt and glass — and the chef, Jean-Paul Bonin, works miracles.

His desserts — especially the chocolate specialities — are among Paris's best, and the service is punctilious. The menu is FF 200. Again allow 500 francs in côte.

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THE POSSIBILITY of a speed limit on the autobahn may be hanging over the German car industry's head, but it isn't affecting Porsche's philosophy.

Fast driving is not the only thing that makes a Porsche attractive. If you merely want to go fast on the autobahn, you don't need one of our cars. They're quick round corners, too. It will be a tragedy if the autobahnen are no longer free of speed restriction, but it won't change the way we design and build our cars."

I am quoting Porsche chief executive Peter Schutz at the media launch of the latest product of the world's largest specialist maker of high performance cars. The Porsche 944 Turbo will make its official debut at the Geneva Show early next month but British buyers will have to wait until November to take delivery. I tried one all too briefly in France a fortnight ago.

The price is likely to be about £27,000, for which one will get a 152 mph two-plus-two designed to run on unleaded fuel and which will perform equally well when fitted with a catalytic converter to clean up exhaust emissions. The 934 Turbo is, in Peter Schutz's words, the first of a new generation of Porsche cars that will be environmentally friendly even though they have very high performance potential.

THE 220 horsepower 944 Turbo looks much the same as the standard 944 but its turbocharged 2.5 litre four-cylinder engine with balancing shafts has 50 more bhp and runs with the silken elegance of an in-line six. A 0-100 km/h acceleration of 6.5 seconds is claimed.

I was more impressed by the miraculous ease with which the strengthened 944 5-speed box slipped from gear to gear, the low speed flexibility that lets the turbo trickle through villages in top and its sheer

driveability.

Putting the engine at the front, the entire transmission at the rear gives the 944 near perfect weight distribution.

Ultra-low profile tyres (55 series at the front, 50 series at the back) provide instant steering response and the kind of grip only a fool or a knave

wishes to break on the public highway.

The driving position seemed ideal: the seat has electronic to-and-fro and height adjustment, there is plenty of luggage space under the glass hatch, with overflow accommodation on the cramped rear seats.

Will the 944 Turbo seduce buyers away from the traditional Porsche 911 Carrera, which with its air-cooled, flat-six, rear engine and looks little changed by the passage of the years? Porsche admits to the

THE NEW Toyota Starlet, on sale this week at £4,770, has a 1.2-litre, one-litre engine, front-wheel drive and five-speed gearbox. It replaces the old Starlet which was almost alone among high-volume hatchbacks in having rear-wheel drive. It handles well, rides surprisingly comfortably on rough cobbled roads and has a turning circle of just over 28 ft. At 50 mpg, and more it is another rival to the Metro.

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BOOKS

Cities as the solution to all our difficulties

BY MICHAEL PROWSE

Cities and the Wealth of Nations: Principles of Economic Life
by Jane Jacobs Viking £12.95.
275 pages

If Jane Jacobs is to be believed, the only way Britain and other advanced nations can avert long-term economic decline is by undergoing voluntary fragmentation into families of sovereign city states. Ms Jacobs is not, of course, naïve enough to regard such an outcome as even remotely likely, and so she remains profoundly gloomy about the world's economic prospects. Cities, she believes, provide the life-force of economies, but imprisoned within nations, they are destined to inevitable decline.

This is a bizarrely implausible thesis and Ms Jacobs' arguments are unlikely to withstand the scrutiny of professional economists, who will not be amused by her arrogant dismissal of all received economic wisdom—from Marx to Milton Friedman—as so much hogwash. To this reader's delight, but professionals' horror, the book contains not a single graph, chart or equation. It is a reminder of that golden age when economic arguments were expressed in clear English—before the discipline was deluged by a post-war surplus of second-rate mathematicians.

Not by nature a number-cruncher, Ms Jacobs prefers to illustrate her arguments in a manner Adam Smith might have appreciated: by plucking examples from real life. The technique is obviously perilous: by suitable choice of counter-example, it would probably be possible to stand all Ms Jacobs' arguments on their heads. Nevertheless, her historical/geographical tour is enterprising, taking in 10th-century Venice, post-revolutionary

America, pre-war Uruguay, the contemporary hamlets of Barrou and Napierro in France and Mexico, not to mention post-war Japan and tomorrow's dynamic Pacific Rim economies. In heaping scorn on traditional development economics, she discusses Peter the Great and the Shah of Iran's doomed efforts to "buy" development as though it were a collection of capital goods."

Ms Jacobs' book turns on a pair of themes—one negative, one positive. Her negative thesis is that traditional macroeconomics is fatally flawed because it assumes national economies are "useful and salient" entities for study. The author demands: national economies are a "tagging of diverse sub-economies. Political sovereignty confers no kind of economic coherence and the careless lumping together of sub-economies is a grave error. This sceptical thesis is, rather attractively and many readers may accept it happily enough. Yet many will find Ms Jacobs' positive thesis—that cities are the key economic unit—much harder to swallow.

What is so special about cities? According to Ms Jacobs, the process of replacing imports, finding new and cheaper ways of producing goods formerly bought from others, is the mainspring of economic development. And "import-replacing," we are assured, is paradigmatically a city process. Indeed, the author defines cities as settlements which excel at import-replacing. Cities, says Ms Jacobs, supply "diverse and concentrated markets" for both consumers and producers and provide webs of "complex symbiotic relationships." They are the hotbed of improvisation, versatility and flexibility which, in the author's canon, are the keys to economic well-being.

Professional economists are likely to have great difficulties with the odd claim that import-replacing by cities is at the root of all economic expansion. Why



Booming shopping street in Kowloon (Hong Kong). Jane Jacobs' new book on cities poses the question why some are so much more successful than others

spending none of these, we are told, can do anything but depress activity in the long term.

Cities are cloistered in another, more subtle way: the very existence of national currencies is, says Ms Jacobs, detrimental to economic development. They serve only to exacerbate the relative uncompetitiveness of poorer regions and smaller cities. Liverpool and its environs might flourish, on her preposterous reasoning, if it could become a sovereign state with its own currency—presumably the Liverpool peso—and win the power to levy special tariffs on goods from London. Faced with this sort of reasoning, most economists will want to hurl Ms Jacobs' book from the nearest window. Anybody familiar with the present chaotic currency markets would urge bigger trading blocks and fewer, rather than more, rati-

Friendly culture-shocks and puzzled Persians

BY ROBIN LANE FOX

The Persians Among the English
by Denis Wright. I. B. Tauris
£17.95. 273 pages

If you connect Persians among the English with eternal students, slogans in the London subways and opinion in the diplomatic bag, you ought to read this book. True, the first Iranian students in England left behind with problems over their visas and unpaid fees in 1950; shareholders did also regret their enthusiasm for the Persian Investment Corporation, which was floated on reports that it had acquired the right to oil and gas fields in Iran. Mirza Abul Hasan who arrived in 1890, he wrote one of those Books of Wonders which see England through Persian eyes.

Denis Wright makes good use

which, to most eyes, resembled the Wild West. The interest of much of this book lies in the contact of two unfamiliar cultures and the impression which each formed of the other. Denis Wright tells each example as it arises, and some of them are full of fun. Like Regency London, I am left with a soft spot for "Old Fatty," the bandleader Mirza Abul Hasan who arrived as the first Persian envoy in 1890. He wrote one of those Books of Wonders which see England through Persian eyes.

Denis Wright makes good use of these oddly angled views of the English: London's freedom, the Persians thought, was very impressive, but so was the extraordinary financial ambition of its inhabitants and their sexual abandon, reflected in the number of brothels in every street. The newspapers repaid one of these compliments by alleging that Abul Hasan had 63 children, four of whom had been born on summer days.

In fact, the poor man had only

one wife and one child; Orientals were typecast as sexual libertines. When often they were not. On his second journey, Abul Hasan did arrive with a mysterious "fair Circassian" girl who caused considerable pique among society women. One London housemaid did allege that she was having the Persian's baby, and Abul Hasan did later spin some tremendous tales about his conquests among named English ladies of rank. They were almost certainly false, but he was most impressed by the way

in which Englishwomen kept their figures after bearing ten children. He was also impressed with the country session "like Arab tribes," he noted, the rich retire to find a supply of beauty and vigour for the ensuing winter. In the fresh country air, those weekend cottages in Dorset are a sort of summer Bedouin camp.

You see what fun it all is. In

1873, a Shah visited England for the first time and Denis Wright paints a marvellous Agricultural Labourers' Union Ballad, entitled "The Shah," which was sung to the tune of "Johnny Comes Marching Home." "Go tell the poor Persians if they would be free in Golopsh they must join heartily and remove all obstructions even though it be these, the Shah, the Shah, the Shah." He also recalls the visitors who gained an understanding of their own country's past from English schoolmen and friends.

Perhaps the most treasured example is Isa Sadiq, a champion of education in Iran, who wrote warmly of the insight into Persian culture which he derived from the great E. G. Browne at Cambridge. I developed a feeling of pride in direct contrast to the feeling of conformism," he wrote, "which had been encouraged in him in France." At the time Britain still controlled a huge Empire, any other Imperial power ever taught and exported to dependent peoples a sense of respect for their own history and literature.

Fiction

Caught in the steel jaws

BY ISABEL QUIGLY

The Trap
by John Treherne. Jonathan Cape £7.95. 176 pages

Joanna's Luck
by Mervyn Jones. Chatto & Windus £8.50. 237 pages

The Enchantress
by Han Suyin. Sidgwick & Jackson £9.95. 345 pages

spring of the enterprising post-war working class. Joanna's father prospered, in other words, so here she is: not just the fairly well-cushioned result of that but the reaction against the generation before hers. Her parents were the 1980s personified; her mother still is, and Joanna has reacted against their promiscuity and generally messy life-style with an eccentric ordinariness.

The sadness, the loneliness of unemployment, even where the money doesn't really matter much, is poignantly though quite straightforwardly expressed. Take, for instance, the jacket with its gorgeous looking girl. If Joanna looked like that, she wouldn't have her problems: others, no doubt, but not specifically Joanna's. It isn't Joanna's luck to be beautiful. Han Suyin's *The Enchantress* is part boring block-buster part sensitive and interesting narrative, like everything else she writes. Set in 18th-century Europe and the Far East, it's an adventure story of wild improbability, though no more improbable than much that went on in those days. From Vaud in Switzerland, the twins Bear and Collin heirs to great wealth but imprisoned in their family circumstances, set off to seek their fortune in China as makers of brilliant automata and toys that are almost forebears of our games-playing computers. War, death, torture, love, witchcraft, violence, disaster, of every sort, and a final touching marriage of illusion and reality: these make a curious not always satisfying mixture, with bursts of remarkable sunlit beauty.

Mervyn Jones writes in a deceptively simple way but in fact his novel is carefully constructed and he is an admirable craftsman. The action is full of surprises and psychological twists: this balanced against that, and that casting out the other. There's no "love interest" (a rape, more or less, can't be called that) but there's over-flowing feeling—or friend

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Mystery lady
BY ANTHONY CURTIS

The Brandon Papers
by Quentin Bell. Chatto & Windus. The Hogarth Press £8.50. 214 pages

Detective story? Literary parody? Spoof? Critique of the Edwardian class-system? Retrospective appraisal of the women's movement? Satire on biography as a profession? *The Brandon Papers* is all these things and a great deal more.

The papers are pure fiction, but possess a reality more striking than mere historical accuracy. Above all, they are as captivating as Lady Brandon herself, the heroine they celebrate.

If this review is beginning to sound wayward and evasive, that is inevitable. I want you to read the book without in any way being prepared for its "domino effect," a series of moral and physical shocks each one subtly detonated by its predecessor. All I will say is that

Underlying the picture of a lost world is a less savoury reality. Terrifying though

glamorous and occasionally interesting and kind, Uncle Hector is probably a murderer and certainly a thief, a fascist (in the literal sense: a Mosleyite), a sadistic beater of dogs and intruders and, less importantly, a social fraud and—in the manner of the time a snob. Back to the Boer War, forward to the present, almost a century is involved, briefly but accurately, the personal and the public skilfully plaited: this is an extremely accomplished beginning.

Next, an experienced hand, Ro has produced an enter-

taining book, but one cannot help noting that he is a better speaker with a small and large "I" than writer. And that he will be remembered.

Detail from a trompe l'oeil portrait of Lady Brandon, attributed to Whistler. By Prof. Quentin Bell

The manner of the book owes something to Dorothy Sayers's *The Documents in the Case* and to A. J. A. Symon's *The Quest for Corcoran*. Its matter is all its own, and arises from Quentin Bell's interest in the history of behaviour and fashion (in the widest sense) as an index of the current morality. Through his understanding of the dress and intonations of the Edwardian period, he has been able to sustain his preposterous notion over a full-length narrative which has a more perfect symmetry than any of the vases he has thrown in the course of his other career in ceramics.

Who makes Presidents?

BY JOHN GRAHAM

Packaging the Presidency
by Kathleen Hall Jamison, Oxford University Press, £12.50, 303 pages

Be honest, now. Did you know that Wets and Drys appear at least as far back as the 1928 presidential election in America? Or that "You never had it so good" was the official Democratic slogan in 1952? Or that among the slogans tried but later discarded by the Democrats in 1968 was "There is no alternative?"

Well, it is not so surprising that we import political catch-phrases from the U.S.

America is the home of the unhappy one-liner: American politics are more boisterous and inventive than our own, and many an English politician likes to be associated with the glamour, the money, the sense of power that America symbolises. From time to time there is talk of the UK moving towards a more presidential style of government, where advertising men and prime ministers alike worship at the temple of television.

If there is any substance to this, Prof. Jamison's book should be essential reading. It is a history of presidential image-building from the early 19th century till now, with detailed analyses of every campaign since 1952, it is from Eisenhower to Reagan. She deals with the nitty-gritty of the campaign trail, how the money is raised, how different aspects of a candidate's personality or policies are emphasised in different regions;

with President Brezhnev and negotiate a fair arms reduction treaty."

Now there is nothing new about politicians who are sly, devious, self-serving, mendacious and unprincipled. What is relatively new is the suggestion that the wrong man will win (whatever wrong may mean) so long as he has the more talented advertising agency and more money to hand over to television than the other fellow.

But this being America, it is a story-rich incident. Thomas Jefferson remarked that when a man starts coveting political office "a rotteness begins in his conduct," and the rot certainly set in early. In 1840 William Harrison's media men successfully promoted him as the log-cabin type, despite the fact that Harrison's plantation in Virginia was large enough to billet the entire federal army and on one occasion did just that. When the advertising agency's creative director goes to war, truth is the first casualty.

Thus General Eisenhower could unblushingly state: "I have no political ambitions at all." John Kennedy could attack the rising cost of campaigning in 1952, and the following year spend more money securing the presidency than any man before him. Richard Nixon promised to end the Vietnam War, but he fought the war for longer than President Johnson, at greater expense in money and lives. And Ronald Reagan, Mister Honesty himself, mused: "Within the first 100 days of my Administration I will go to Moscow. I will sit

with President Brezhnev and negotiate a fair arms reduction treaty."

Now if Belushi disappears from view through the opinions of his associates, his world is exposed as never before—or at least the seamy side of it. Fred makes it abundantly clear that the film, TV and record industries in the U.S. are propped up by drugs, in particular cocaine, although anything else to hand will be knifed, swallowed, or injected.

Yet if Belushi disappears from view through the opinions of his associates, his world is exposed as never before—or at least the seamy side of it. Fred makes it abundantly clear that the film, TV and record industries in the U.S. are propped up by drugs, in particular cocaine, although anything else to hand will be knifed, swallowed, or injected.

Sketches, quite unfunny. No wonder Belushi's wife, who in a moment of *folie de grandeur* asked Woodward to commence her divorce, was appalled by the scenes where Woodward was to withdraw and



Viscount Tonypandy, the former Speaker of the House of Commons, George Thomas, on his introduction to the House of Lords. His memoirs are reviewed below.

Saying "Aye"

BY MALCOLM RUTHERFORD

Mr Speaker: The Memoirs of Viscount Tonypandy
by George Thomas. Century £9.95. 242 pages

The memoirs of Viscount Tonypandy—still better known, at least outside of Wales, as George Thomas, the Speaker of the House of Commons when Parliament was first broadcast—are a mixture of sentiment and anecdote. Some of the sentiment is a bit gushing, though it must be remembered that he has a lot to be gushing about: from being the son of a drunken and possibly hibernaculous miner to reading the lesson at the wedding of Prince Charles, which he clearly regards as the high point of his life. He was one of those Labour MPs on whom Marxism was a far more potent influence than it was to the rest of the party.

He really did come up to the bar, though, and he was a donnish joke, the subject of well-polished dinner-table anecdotes, lacked up to a landed grandeur: he was never quite had; and even the loved Darkie has been betrayed into becoming a part of this public mythology of rural childhood, fury, feavery, muddy, to urban friends exotic.

Interestingly, like Francis Pym on the Tory side, Thomas thinks that the real reform of Parliament will be to make it smaller. "For our small country to have the largest Parliament in the world," he writes, "is ridiculous." Interestingly, like Francis Pym on the Tory side, Thomas thinks that the real reform of Parliament will be to make it smaller. "For our small country to have the largest Parliament in the world," he writes, "is ridiculous."

Sad exit

BY ANTONY THORNCROFT

Wired: The Short Life and Fast Times of John Belushi
by Bob Woodward. Faber & Faber. £12.50. 416 pages

Bob Woodward, the Watergate sleuth, has written a long, tedious book about a short, exciting life. His biography of John Belushi reads like a succession of short news para-

A WHACK ON THE SIDE OF THE HEAD
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IN BOOK SHOPS NOW
ANGUS & ROBERTSON

HOW TO SPEND IT

Thoroughly modern cashmere

IN OUR London road a sprinkling of ice still lies lurking in corners, more lethal than the legendary banana-skin, ready to trip up the unprepared. Our central heating is on full blast, the weather reports predict sleet and snow. And the shops, wouldn't you know, are full of bikinis and skimpy summer cottons.

So if you feel like stocking up on woolies where do you go? Well, you could try starting at The Scotch House where cashmere and British knits are an all-the-year-round business. A true-blue traditional firm which has long been a compulsory stopping-off post for any well-heeled tourist, it has been primarily sought-after for its classic garments made from materials of impeccable quality. Nobody has thought to go to it for high-fashion.

However, things are changing. Not too fast, of course. Not enough to shock or startle but enough, if the judgment is right, to bring in a whole new generation of home-grown customers who want more than a traditional shape in fine wool—they want a certain amount of fashionability as well.

Of all the new ranges probably the most interesting is its collection of cashmere. Classic round-necks, crew-necks and cowl-necks have been the staple of the collection and will probably always be in demand, but look carefully among the shawls. There you will see cashmeres with the subtle detailing that spells today instead of yesterday. Many have deeper armholes, wider bodies, some have dropped sleeves, there are low-necked longline Twenties-style shapes and trickier ones with deep v-necks that wouldn't look out of place at Lords. Then there are forty skinny-rib, reflecting the Fifties influence and chunky cable-knits with interesting collar-lines.

The main branch of The Scotch House in Knightsbridge has been so encouraged by increasing cashmere sales that it has given over a corner entirely to them and calls it The Cashmere Shop. Already it is bug-eyed successful. For summer look out for finer, single-ply cashmeres in cream, baby blue, lemon yellow, sugar pink.

The traditional trousers have been given equally subtle treatment—many of the materials used are still the same (though a few more, like grey flannel, have been added) but the shapes are all easier and infinitely more comfortable. As Jean Bennett, The Scotch House PRO, who has worked with it on updating the image, puts it "Too many English women stuff themselves into trousers that are too tight—it's bad for the appearance, bad for the health and certainly bad for the trousers. Almost any woman can look slim in a pair of trousers that are well-cut and hang loose." So bigger, looser trousers made from the same high quality fabrics with pleated fronts are on the rails. As for the night-wear—if the new nightshirts aren't seen being worn on the streets Jean Bennett is personally going to be very disappointed. The collection uses some traditional fabrics (the ever-popular tartans, grouse and medallion designs) and some very up-to-the-minute soft, flowered cottons. There are dressing-gowns with easier, seamier sleeves, deeper armholes, better wrap and a good long length which co-ordinate with the capacious pyjamas or nightshirts. In Viyella, they are perfect for draughty houses; in cotton, lovely for summer.

All this is now available in more and more towns throughout the country—Scotch House shops in Chester, Blackpool, Guildford and Cardiff have recently opened and up to 20 more are planned for the coming year.

Potted Versions

BY PHILIPPA DAVENPORT

HOME-MADE thick-cut Seville orange marmalade is hard to beat for breakfast. But there are two things I bold against it. First, the bitter-orange season is maddeningly brief, often over before I've managed to slot a marmalade-making session into my schedule. Second, cutting the peel by hand is both tedious and very time consuming. (I know it can be done in minutes using a food processor or mincer but the results are very uneven.)

In contrast the jelly marmalade recipe given below presents no such problems and, in addition to making a delicious breakfast-time preserve, I find it valuable as an ingredient in cooking. It is a less cloyingly sweet than the usual apricot glaze given to fruit tarts, and it is more sophisticated than the raspberry jam traditionally used in the best of all follow-ups to the Sunday roast, Queen of Puddings.



Romy Viyella dressing-gown in traditional prints and tartans are £95 (p+p £1.32, insurance 65p). It co-ordinates with 100 per cent cotton night-shirts—this one sports a rampant lion, £63 (p+p £1.32, 55p insurance) from The Scotch House, 2-12 Brompton Road, Knightsbridge, London SW1.

Drawings by Celia Baker



Above left to right, Romy, long-line Twenties-style cashmere jumper, a Ben Frankel design for Ballantyne. In a wide range of colours, including a soft corn yellow, it is £125. A band-knit asymmetrically-coloured jumper in a wide range of colours, designed exclusively for The Scotch House, £185. Another new-look cashmere jumper, this time in a chunky rib and again in lots of colours. The Scotch House own label, £195. All can be posted for £1.32 each, insurance is 75p, £1.10 and £1.15 respectively.



suspend the shreds in the jelly. Pot in clean warm jars and cover immediately with waxed paper discs. Tie down when cold.

MARMALADE QUEEN OF PUDDINGS (serves 5-6)

1 pt creamy milk; the finely grated zest of 1 lemon, orange or grapefruit; 2 oz butter; 24 oz caster sugar; 5 oz fresh breadcrumbs; 4 large eggs; 4.5 tablespoons jelly marmalade (preferably pink grapefruit and lemon).

Scald the milk with the citrus zest in a medium-sized saucepan. Away from the heat, stir in the diced butter and 1 oz sugar. When melted, stir in the breadcrumbs and set the pan aside for 10 minutes.

Separate the eggs and beat the yolks, one at a time, into the swollen breadcrumb mixture. Turn the creamy custard into a well buttered pie dish of 24 pt capacity and bake at 350°F (180°C) gas mark 4 for 25-30 minutes until barely set.

Warm the marmalade in a small pan. Whisk the egg whites to stiff snowy peaks, gradually beating in 2.3 oz caster sugar depending on the degree of sweetness you like.

Carefully spoon the warm marmalade over the surface of the pudding, and pile the meringue on top, taking it onto the rim of the dish to seal the custard inside.

Return the dish to the oven and bake for about 15 minutes until the billowing clouds of meringue are softly set and streaked with pale gold. Serve hot or warm with pouring cream.

Skim then cool for 10-15 minutes before stirring well to

PINK GRAPEFRUIT AND LEMON JELLY MARMALADE

Makes about 5 lb

2 pink grapefruit; 4 lemons, 4 pints water; 3 lb preserving or granulated sugar.

Pare the fruit, using long strokes of a citrus zester to remove the aromatic rind in ribbon-like shreds, and reserve. Quarter the pared lemons and cut the pared grapefruit into one-eighths. Put both fruits into a food processor and reduce to a pulp.

Put the pulp into a large pan, and 3 pints of water and the shreds of zest tied up in butter muslin. Cover tightly and simmer for one hour. Remove and reserve the bag of shreds. Cover the pan again and sim-

mer for one hour more.

Tip the contents of the pan into a scalded jelly-bag and let it drip for ten minutes. Return the pulp to the pan and add another pint of water and simmer for 20 minutes. Strain as before but leave to drip for 45 minutes.

Put all the strained juice into the cleaned out pan. When warm add the sugar and stir over low heat until the sugar has completely dissolved. Then add the shreds and fast boil until setting point is reached.

Dip a wooden spoon into the marmalade and twirl it to cool it slightly. If setting point has been reached, the marmalade will not drip runny from the spoon but will congeal into "flakes".

Skim then cool for 10-15 minutes before stirring well to

RIGHT IN TUNE with today's mood for soft, fresh country-house prettiness is Richard Ginori's 240-year-old design, Granducia. The founder of one of the world's oldest porcelain companies, begun in 1735, near Florence, Ginori is being celebrated in a special exhibition of the company's porcelain currently on show at Liberty of Regent Street, London W1. The porcelain is of the finest quality, and designs spanning the company's entire history will be on display. However, star of the show is undoubtedly Granducia which has not been in production since 1755 until the company decided to resurrect it for the 250th anniversary of the founding of the company. Granducia, and five other Ginori designs, will be held by Liberty as part of its regular stock after the exhibition is over. Porcelain of this quality isn't cheap—for instance, a 10½ in dinner plate is £24.65, the 3.85-litre tureen is £232.35, while a teacup and saucer are £26.30.

This and That



EVER SINCE my husband, when recovering from pneumonia, was prescribed a quarter-bottle of champagne before lunch and dinner and thereafter made a record recovery we have tried similarly to liven up the hospital days of our friends and relations when they were ill. Until you've tried it you have no idea how difficult it is to find anybody prepared to take orders by telephone and then deliver it to the given address. Which is why the address of The London Champagne Service, 48, Wicklow Street, London WC1X 9HL has found its way firmly into my Filofax. (Tel: 01-278 6199)

It deals only in champagne, in all the leading names and sizes, from quarter bottles (though they are, as everywhere, very expensive when compared with the cost of full bottles) up to the giant Samanazar and including the very fashionable pink champagne as well as the ultra dry.

The minimum order is a case but it can be delivered to any address you name, with deliveries outside London being subject to an additional charge.

Careful perusal of the price list leads me to the conclusion that buying quarter-bottles is in fact a bad idea—a case of 48 quarters of non-vintage Mumm or Moet et Chandon is £105 a case, while a case of 24 halves of the House Selection is £67—whilst a case of full bottles of House Selection is just £63—much better to buy the full bottles and a good champagne stopper.

Antique lustreware is much sought-after and fetishes fancy pieces in posh antique shops but those who love the burnished tones of this very special ware might like to know that antiques aren't the only option.

A few modern potteries still produce lustreware today, among them a Cambrian pottery, Tobias Harrison, who is making some particularly attractive hand-thrown jugs and lamp-bases. He glazes them in his own infinitesimal way to get the rich, glowing colours typical of the ware.

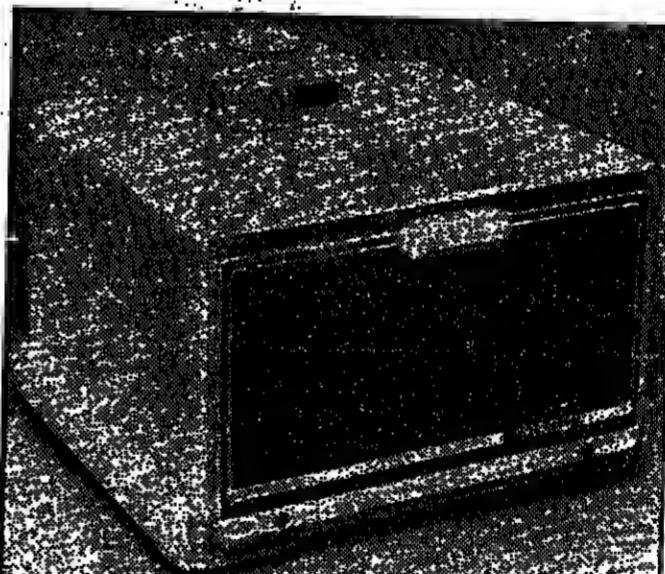
The three jugs pictured here are all on sale at Toulemont Echard at Divertimenti, 139-141 Fulham Road, London SW3. The smallest is 3½ in high (£18.99), the medium size is 3½ in high (£20.50), while the largest is 4½ in high (£21.75). Also in the range are three sizes of lamp base—12 in high (£22.88), 15 in high (£25.50) and 15 in high (£26.02).

BACK SUFFERERS in the north might be interested to know that there is a back care supplier in Kearsley, Lancashire, which will supply them with most of the known existing aids. The Posturite Back Care Emporium is at 57, Bolton Road, Kearsley, Bolton, Lancashire—no particular item sells the Balans range of chairs (described on this page a few weeks ago) and it is happy to offer them on a free, no obligation three-day trial to interested readers.

THE RESPONSE to the Heat Paks I mentioned last week has been such as to suggest that half the country could do with being a lot warmer. For the old, for those who live in houses it isn't possible to heat properly or for those who just feel the cold abnormally badly, there is a new "cotton sleeper" which helps to keep chilly mortals warm in bed. Based on an old Chinese solution, the cotton sleepers are made of very thick (almost 2 in) light sandwich of natural raw cotton, which is used as an underblanket. Cotton, it appears, has the unique quality of being able to absorb and dispel moisture. Much cold at night is caused by the "refrigeration effect" which happens when moisture evaporates. The cotton sleeper helps prevent this heat loss. They come in three sizes, single £39.50, double £53.90 and large double, £62.50 from Cottonfields, 37, New Road, P.O. Box 43, Rickmond, Surrey TW9 2NF.

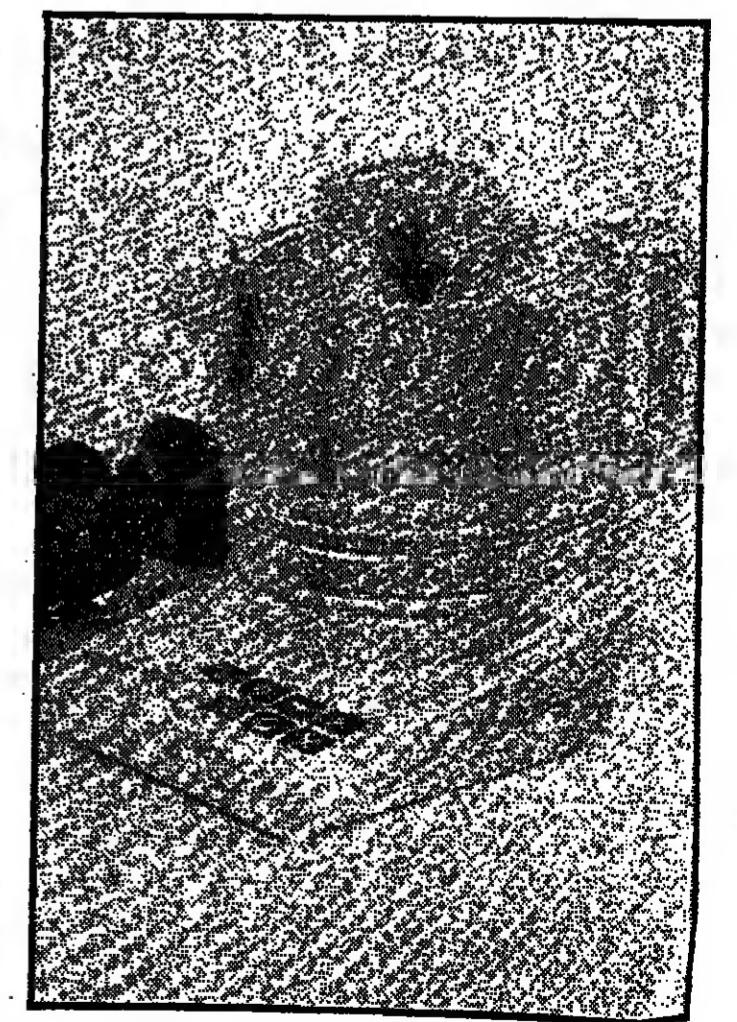
Weighs and Means

LEFT



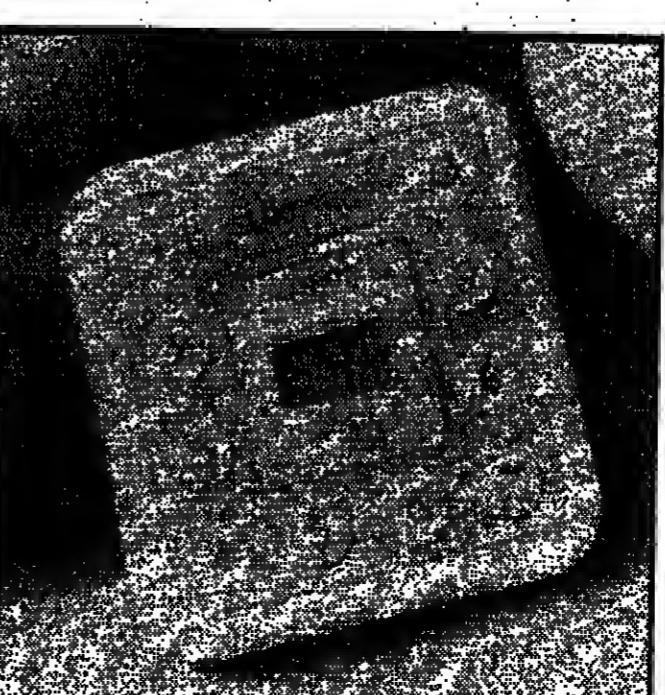
THINKING SMALL? If you've a bedsitter to furnish or a student son or daughter to think about the Vivalot oven is extraordinarily neat and accommodating. It measures only 12 in by 12 in and 8½ in deep and though you clearly wouldn't be able to roast a family-sized turkey in it, it can cope with a chicken weighing as much as 4 lb or a grand-looking crown of lamb. Because it has two separate elements, one at the top, one at the bottom, the top

element alone can be turned on and used for finishing off a gratin. It needs no complicated installation—just plug it into any 13 amp socket. Being small, it is also clearly easily portable. Take it on holiday if you are camping or caravanning. £44.95 from Harrods, of Knightsbridge, London SW1. Fenwick of Newcastle, Kendall Milne of Manchester and Rackhams Branches. Anybody who has trouble finding a local stockist should write to ITC, 632-652, London Road, Isleworth, Middlesex.



THE FIRST in a new generation of scales—the Avery electronic scale is heralded as a health scale because it also gives you the calories, fat, carbohydrate or fibre content of the foods in the bowl. How, I hear you ask, does an electronic device know what is in the bowl? The answer is, it doesn't—you do and you have to press an alarming number of keys to make sure you get the right answer out of the display panel.

It is all a little bit sophisticated for somebody like me who finds it hard enough to grapple with grammes and ounces without added complications but for somebody who



enjoys reading instruction booklets, likes messing about with push-buttons and really minds about calories, fibre, carbohydrate and the rest of the health-conscious jargon, it could be a nice new kitchen toy. Besides, it actually works very nicely as a simple scale—it has clean, simple lines, you can switch from grammes to ounces and back again and you can add to ingredients in the bowl without emptying it first.

If you don't use the extra sophistication, though, it is quite expensive. £44.95 (p and p £1.80) from Lakeland Plastics, Alexandra Buildings, Windermere, Cumbria.

RIGHT

MOST BUSY cooks need a kitchen timer and lovely though those old-fashioned wooden egg-timers look they are nothing like as practical as their starker but more functional rivals—the new digital timers. Lorus has just produced a very neat little gadget which can be set to time anything up to 99 minutes from a soft-boiled egg to a sponge cake. When the pre-set

time has run out the device emits a bleeping sound which goes on becoming louder until it has been switched off, so that even the busiest shouldn't find it easy to ignore. In five different colourways (so that you can match your kitchen colour scheme, I suppose) it costs £28.50 and is widely available from kitchen departments and shops like H. Samuel and James Walker.

LEFT

time has run out the device emits a bleeping sound which goes on becoming louder until it has been switched off, so that even the busiest shouldn't find it easy to ignore. In five different colourways (so that you can match your kitchen colour scheme, I suppose) it costs £28.50 and is widely available from kitchen departments and shops like H. Samuel and James Walker.

Period Furniture

BY PHILIPPA DAVENPORT

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In contrast the jelly marmalade recipe given below presents no such problems and, in addition to making a delicious breakfast-time preserve, I find it valuable as an ingredient in cooking. It is a less cloyingly sweet than the usual apricot glaze given to fruit tarts, and it is more sophisticated than the raspberry jam traditionally used in the best of all follow-ups to the Sunday roast, Queen of Puddings.

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THE ARTS

A riveting view of war

BY

The
Tea
off
festivals
are all about lying in
the sun, quaffing cool drinks and
ogling topless starlets should
visit Berlin in February. Snow
shuffles down the Kurfürstendamm,
topless starlets are conspicuously by their absence, icy
starlets sing the visage, and
frozen film critics stagger from
one cinema to another in
search not so much of culture
as of survival. This has been
the coldest Berlin winter since
1941; perhaps the organisers
should now think of moving
quarters to somewhere more
temperate, like Lapland or
it's Vladivostok.

New wonderful a 4-hour film
about Japanese war crimes
trials seems in this context: You
can stay warm for the equivalent
of three movies in a row.
But Masao Kobayashi's *The Tokyo Trial* would be riveting
in any climate. Licensed to
plunder footage from 30,000
reels of Pantheon archive film
relating to World War II and the
International Military Tribunal
for the Far East—which tried
28 Japanese prisoners
—including generals and ex-prime ministers) for crimes of
war—Kobayashi has produced
an outstanding document of
inhuman evil, folly and miscarried
idealism.

The evil is that of Japanese
expansionism and the barbarous
methods used to enforce
it. The folly is the succession
of miscalculations, by both
Japan and America, which
underestimated the other side's
strength and allowed the Far
East to stagger on until
only the Bomb could stop it.
And the miscarried idealism is
the Allies' attempt to bring
Western law to bear—and post
victor law at that—on the
incrutable mysteries of Japanese
pride and nationalism.

Given this rare mix of tragedy
and comedy, it hardly matters
that Kobayashi is nakedly
partisan. His narrator offers
scarcely a word of open
implied condemnation for
Japanese imperialism or cruelty.
Indeed, the film's technique is
to swing smartly away to an
other topic whenever the going
looks like getting rough for the
defendants (we've only just
begun the "ethnics" section
of the trial when Kobayashi cuts
to quite incomprehensible to some
Tokyo strike footage). When we
return to the trial, we've moved
on to a completely new subject:
Meanwhile, every possible brick-
bat or sarcasm is aimed at the
tribunal and the prosecutors.
Sometimes deserved, as with the
disastrous doings of the Australian
presiding judge (who nips off
home in mid-trial to do some

Nigel Andrews reports
on icy blasts and
barbarism at Berlin's
film festival

work Down Under), but more
often gratuitous.

The secret, of course, is to
take both commentary and editing
with an almost grain of salt and simply gaze goggle-eyed
at the raw footage. This in
cludes not just the trial film,
containing such wonders as the
Outraged U.S. Defence Counsel
(dismissed from the trial when
he gives the Aussie judge a
wriggle), and the Baray Defendant
(who suddenly slips
into bald pate of a fellow-prisoner,
stands up and starts jabbering,
and is then led away to be
diagnosed as a tertiary syphilitic).
But it also features
amazing unseen war footage
from both Europe and the Far
East and a brilliantly concise
account of Japan's Manchurian
adventures, which laid the
groundwork for their expansionist
activities in World War II.

What the film gives us is a
microscope on the Japanese
mind, from the bushido ethics of
courage and self-sacrifice (we
see kamikaze pilots going into
action) to the dotty stoicism of
Hirohito's surrender broadcast to
his people: "Beware of any out-
break of emotion which might
complicate the situation."

And there are two shots that
should be anthologised among
the great moments of cinema
for showing how closely farce

and tragedy rub shoulders at
crisis points in history. In one,
a doomed prime minister doffs
his hat to the people and a
price tag falls out. In the other,
a Japanese prisoner hearing his sentence read
has his translation earphones lifted off
prematurely by a court
guard before he's discovered if
it's to be "life" or death. The
frantic rapidity with which he
seizes them back shows that
even the Japanese, when it
really matters, can be as
scrutinised as the rest of us.

With this year's Main Competition
featuring feature films to
which you wouldn't take your
worst enemy — from Egon
Guenther's colonial African romp
Movenga (shot in a sackcloth
blur of brown and even more
blurry concealed), to Sadao
Nakajima's *Seibei Story* from
Japan (about one of these
remote peasant tribes where the
women all wear perfect
elaborate coiffures) — it's been
documentaries all round that
have stolen the attention.

Robert Epstein's *The Times* of
Harvey Milk, San Francisco's
murdered gay rights leader.

Lived, **Bud . . .**, a loving film
about the anti-Sandinista guerilla
forces being formed by
Nicaragua's *Miskito Indians*.

Survivors of depopulation raids
on their villages by the Communist
forces; they prepare for
retaliation in Honduran refugee
survivors to fight the camp.

The unstoppable Werner
Herzog has unveiled two
new documentaries. One, *The Dark
Blow of the Mountain*, is
about a climbing expedition in
Pakistan and is the usual
 Herzog mixture of mysticism,
mountains and madness. But
the other is a political time-
bomb lobbed at the Left called

Most of the trainees are small
children (nine and over), and
it's a shuddersome spectacle to
see them being reared so young
in the school of death.

From Greece to Gorky with some clichés in between

RADIO

B. A. YOUNG

Anton Lesser worked so hard
to give Hamlet a boyish voice
that it sounded almost like a
girl's. As a special bonus there
was Robert Addison as *Tiresias*,
with the most beautiful speak-
ing voice the radio ever gives
us.

The BBC had the courtesy (a
quality in which I find them
lauish) to send me a script of
last week's Saturday Night Play,
The Serpent's Smile by Neville
Teller, adapted from a novel by
Oiga Hesky. Perhaps they
thought that if I read it I
wouldn't actually trouble to
hear it but I did. I feel terribly
mean in having to report that
I thought it a very bad thriller
indeed, about the secret police
in Israel searching for the most
terrible war weapon yet.

It was full of cliché situa-

tions, unchanged by being
situated in Israel instead of
America or Russia or Great
Britain. The director, John
Cardy, had a great time working
in such background noise
as the moaning and grunting of
a camel. The playing was as
full of cliché as the writing.

There was an interesting pro-
gramme on Radio 3 yesterday,
A Curious Friendship, in which
Michael Shenton traced the long-
standing association between
Lenin and Gorky. They met
originally in Kazan, young
Peshkov and young Ulyanov,

and both devoted themselves to
the overthrow of society. From
the time of the fifth party
congress in London in 1907,
their ways began to diverge;
and yet, Lenin took a brotherly,
if not motherly, interest in
Gorky's welfare, even checking
the sheets in his bed to see that
they were dry.

While Lenin went on as a
Boishevik, Gorky joined a devia-
tionist minority who called
themselves the God-builders.
When the revolution came in
1917, Gorky was there, but half-
hearted. He accused the Bolsheviks
of barbarism and ignorance,
caring too much for the in-
telligentsia. Lenin was "a cold-
blooded trickster" and "the
slave of dogma."

Even so Lenin gave him a post

as commissioner for the preser-
vation of museums; and his
fellow-God-builders, Lunacharsky
and Bogdanov, were
given work as well. Gorky tried
to publish propaganda for his
point of view, but such things
were at once censored out of
existence. If Gorky had been
anyone else, he would assuredly
have been shot, yet, though
Lenin urged him constantly to
go abroad, back to his home in
Capri where the God-builders
had done much of their early
planning, he was alive and writ-
ing until after Lenin's death.
Michael Shenton says he died
"in somewhat mysterious cir-
cumstances" in 1936; but when
he did, the city of Nijni Novgorod
was named after him. Martin
Friend spoke. Lenin's words,
Brian Blessed. Gorky's.

As usual, with Riverside
there always is another possible
solution to its endemic financial
problems on the horizon. Plans
to rebuild the site and make
use of its studied access to the
River Thames have disappeared
into the distant future; but the
local Hackney Wick council
when stopping revenue aid a
few years ago did promise
that when the adjacent site was
sold for commercial develop-
ment, Riverside would receive
half the increase in site value.
It could come to £500,000.

Merchant has moved on to
try to bring back life to an
arts venture much more
bound than the Riverside to the
disused Playhouse Theatre on
the Embankment. But like
most people associated with
Riverside, he is both exasperated
and exhilarated by the place.
It must be one of the last
art institutions that sticks
by its artistic commitment and
appears quite impervious to
financial pressures. It has
passed through bankruptcy
closure and last-minute
reprieves with a quite staggering
insouciance. This time, it
really does have just a year to
confirm its artistic importance
to market its potential more
successfully, and to avoid
another cash crisis; and it will
have to do it on much less
subsidy than it is now receiving.
The board of the Riverside will
be making one of its most
crucial decisions when it
appoints the new administrator.

Antony Thornicroft looks at an ailing enterprise

Riverside's date with destiny

RIVERSIDE STUDIOS, the west
London arts centre that has
combined an awesome artistic
reputation with the financial
acumen of a drunken sailor,
seems set once again to rise
from the dead.

Last month, the Arts Council
announced it was withdrawing
its 1985-86 grant—£103,500 in the present year—
because it had failed to balance
its books, the condition for
further help. But, as in past
years, the GLC, which is providing
£465,000 this year, has made
encouraging noises. It has
given no firm promises but
Graham Merchant, who was
brought in last October on a
three-month assignment to try
to establish financial order, is
confident it will at least main-
tain its aid. He has fixed his
1985-86 budget on such an
assumption and, last week, some
what belatedly completed his
stint at the studios.

He left it still with a deficit
of £155,000 on an annual turn-
over of £1.2m. So, taken with
the loss of the Arts Council's
£100,000, Riverside Studios has
somewhat to reduce its costs in
the next financial year by
around £250,000 to break even.

The unstoppable Werner
Herzog has unveiled two
new documentaries. One, *The Dark
Blow of the Mountain*, is
about a climbing expedition in
Pakistan and is the usual
 Herzog mixture of mysticism,
mountains and madness. But
the other is a political time-
bomb lobbed at the Left called

Most of the trainees are small
children (nine and over), and
it's a shuddersome spectacle to
see them being reared so young
in the school of death.

Council. So, the Riverside has
12 months to prove itself.

It will be a tough challenge.
An arts centre justifies itself
by its work. One inevitable
consequence of the present
deficit is that the two studios
have been closed to creative
work for the first three months
of 1985, and leased out to tele-
vision companies. Even after
April, one studio will still be
used in this way, restricting
Riverside to just one outlet for
new work.

And for the next year, at
least, it will not be its own
of a financial risk. It will be
playing host to visiting com-
panies. Fortunately, the new
policy promises to get off to a
strong start with appearances
planned by the Collective Parma
of Italy, Strata of Japan, and
an American company to co-
incide with the American arts
festival in London. The Japanese
are sponsored by Mitsui
and there are high hopes of
finding sponsors for the other
companies. Riverside will
therefore re-open with its rep-
ertoire for the theatrical music
genre confirmed.

But how did it get into such
a mess? The basic problem was
that the various managers
responsible for budget areas
did not keep tight financial
controls and were unaware
that they were running-up
losses. In addition, optimistic
forecasts were made on box-
office revenue. Merchant estab-
lished fixed budgets and tried
to ensure that if there was over-
spending in one month it would
be saved in the next.

It also was unfortunate that
the one Riverside production
last year, *Sea Change*, by
Stephen Lowe, received poor
reviews and did badly at the box
office. This can quickly create
problems. It costs around
£15,000 a week to run Riverside,
while box-office revenue in a
good week is £5,000. Subsidy
just about bridges the gap, but
a succession of mistakes rapidly
leads up a deficit.

Riverside's dependence on
the GLC also is something of a
two-edged sword. The GLC
made clear it would not supply
the cash if any of the workforce
of nearly 80 was sacked, and
also scrapped plans to lease
out studio to a video company
with South African links. Now,
even the GLC seems prepared to
subsidy through bankruptcy
closure and last-minute
reprieves with a quite staggering
insouciance. This time, it
really does have just a year to
confirm its artistic importance
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The board of the Riverside will
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appoints the new administrator.

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100% French grammar

LEISURE

Gerald Cadogan on a slice of Oxford life

Beyond the dreaming spires

N WOODSTOCK the Oxfordshire County Museum stays open to show the history of the county when that great part of Blenheim Palace, is shut for the season. The museum puts Menhen and the Woodstock church—which was also shut when we went there—into an historical perspective of many centuries. You will discover in a intelligent and enjoyable display the long life of Oxfordshire without Oxford, something that many who spend three years in the city never discover.

The Oxfordshire County museum is the more interesting because the county lacks the spectacular ancient heritage, both monuments and "finds"—that you see in Wiltshire or Dorset. Instead, there is a solid but lively account of the geography, archaeology and recent history, which infuses the colleges and abbeys and great houses with the spirit of place and puts them in the setting to which they belong. In the history of the use of the land and its resources, you see the economic base of the county and still that of the colleges as well.

Oxford itself, of course, has been transformed by major industry, the Cowley motor works, which began in the centre of the city. When I was an undergraduate there was an old man who repaired bicycles swiftly in Holywell, not far from where William Morris (Lord Nuffield) began. Unfortunately, he started—and stayed—with bicycles while Morris moved from bicycles to cars.

Morris had an industrial predecessor in Cowley, the potter Vosulius of the later second century AD. We know his name from his stamp, which you will see at Woodstock. Those stamps are a useful way of gauging trade in the ancient world; for the ancients had the same function as the marks on the undersides of plates nowadays.

Though Vosulius is the only potter whose name we know, he had plenty of colleagues in a flourishing industry in Cowley and Headington on the east side of Oxford. They used local materials, Oxford Clay, and wood from the higher ground

to fire the kilns. They were along the road from Dorchester, the crossing of the Thames that preceded that at Oxford, to Aylesbury, which is near Wendlebury where an exit is planned for the new part of the M40. The motorways are the first real attempt in this country at a main road system not based on that of Roman Britain.

Headington was much later, site of another of the industries of Oxfordshire, stone quarrying. Headington stone has not weathered well. The slates from Stonefield have done much better. In the 19th century there was some making of agricultural machinery in the county, and from the late 18th century coal could be brought cheaply down the Oxford Canal. Wood had become scarce. The coal also powered the making of bricks for the new industrial suburbs such as Jericho, built around the University Press works in Walton Street, or Grimsbury in Banbury.

In many ways industry is the oddity in the history of Oxfordshire. Arable farming and grazing have been the permanent mark of life in the county, from at least as early as the neolithic pits for storing grain at Sutton Courtney to the largest cattle market in Europe at Banbury of today. It is ideal country for sheep and for cereals. Since the ploughing of what had been pasture in World War II, cereals have grown at the expense of sheep.

Yet there are still plenty of sheep in Oxfordshire, even in North Oxford, in the fields behind Summertown. A Saxon settlement of sunken butts at Eynsham has produced examples of the best evidence for spinning and weaving that archaeologists are likely to find, short of the rare chance of finding cloth. Spindle whorls and loom weights are the clue. Spindle whorls are usually of stone and sit on the bottom of a spinning stick and make it revolve. Loom weights are usually of clay and have holes or eyes for tying the threads of the warp of a vertical loom. Thus they maintain the correct tension while the cloth is woven.

There is nothing special to the Saxons in the use of spindle whorls and loom weights. They are a regular part of early cultures. Often they are found only by ones and twos, but we archaeologists always hope to find the weights in a group, because a concentration of them in one spot shows more or less where the loom had been. In the grand buildings of Minoan Crete, for example, that was often on an upper floor from which the weights had fallen. The best instance is the Loom Weight Basement at Knossos where Sir Arthur Evans found several hundreds.

Saxon weaving leads to the blankets of Witney or the tweed from the Bliss mill at Chipping Norton, with its redoubtable chimney; there is a display of the tweeds in the Museum in Woodstock. The sheep also paid for the handsome town houses of the wool merchants in Burford that emanate wealth just as the wine trade houses do in Burgundy—and for the great churches of the region, such as Faringdon or Northleach. With the corn they were a staple—ingredient of the abbeys and country houses.

The 17th and 18th century country houses, with their farms and parks (where the animals could be kept), were not the first of their type in Oxfordshire. The villas of the Romans, ranging from simple farmhouse to grand country houses with elaborate mosaic pavements (there was one at Stonesfield), similarly show wealth, ownership of the land and a sense of security. At Chedworth in Gloucestershire, for instance, which is with the National Trust, the villa was supported by wool, as you may see if you go there.

The museum shapes our view of Oxfordshire by showing the many continuities—and the discontinuities—in the use of the land. It is an immediate way of making history and relating the past to ourselves because we still see the land alive and being farmed. With modest imagination we may still appreciate Oxfordshire as Oxonians have appreciated it for thousands of years.

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Back to Biggles and company

THE HENDON aviators gave a dinner at the Royal Automobile Club in London for B. C. Hucks and Gustav Hamel on January 16 1914, in honour of their looping the loop and flying upside down.

The meal was no ordinary one. It was upside down too, beginning with liqueurs and coffee, and going on to dessert, the main course, soup and hors d'oeuvre. The guests who included the pioneer pilot Marcel Desoutter, and Frederick Handley Page (later Sir, who started his aviation company in 1909) building a series of monoplanes with crescent-shaped wings, sat at the table arranged in the form of a loop.

The toasts were responded to in revero order, beginning with "lastly" and ending with "fifth." At the end of the meal, nearly all confessed that they still felt hungry. As one guest observed, it required practice to enjoy than eating.

A photograph taken at the memorable dinner by Fradelle Young is expected to make between £150 and £180 at today's sale at noon of naval, maritime and aeronautical collectors' items at the National Maritime Museum, Greenwich.

The auctioneers are Osmow's of Winchester, Hampshire, a firm started at the end of last year by Patrick Bogue and John Jenkins, both aged 25, formerly with Christie's in South Kensington. All the Hendon ephemera (and there are many photographs, paintings, posters and programmes all in mint condition), are ex-

COLLECTING

JUNE FIELD

pected to attract considerable interest from dealers and private collectors, particularly from France, Switzerland and Germany.

Hendon aerodrome was established in 1910, and soon became the centre of flying training and air racing, as well as the terminus of the first official air mail service in the United Kingdom. In 1911, Hendon-Windsor, to mark the coronation of George V. Also in the sale is a photograph of Claude Graham-White, who started his aviation company in Pau, near the Pyrenees in France in 1909, coming to England and acquiring Hendon aerodrome two years later, and building a factory. He built his own design biplane in 1914, which was adopted by the Admiralty as a standard school machine.

There is an evocative poster, too, of Hendon's Aerial Derby of Saturday May 23 1914 for a 5-mile circuit of London. Cyril "Cir" Curzon, the war artist who died of blood poisoning at the age of 37 in 1916, produced a delightful vignette of the race for the occasion. That also offered "wonderful looping" and passenger flights from two guineas.

Another poster features Louis Bleriot, showing the intrepid French pioneer crossing

the Channel at the White Cliffs of Dover in 1909. It was to advertise Gabriel Borel's powerful acetylene lights, and was found in a hotel in Bournemouth where Bleriot had once stayed.

Also being auctioned are some of the 5th Earl Howe's naval and aeronautical books, watercolours and prints. The earl (1884-1964), descendant of the famous 18th century Admiral Howe, was a well-known Brooklands racing driver, and was ADC to King George V between 1925 and 1928.

A most important lot, which has already attracted attention from the Imperial War Museum, is a collection of 400 photographic negatives, compiled during the First World War when the earl, as Commander Curzon, served as fleet photographic officer of the Second Battle Squadron.

The most spirited bidding of the day will undoubtedly come from those anxious to fill in the gaps of their indispensable Jane's Fighting Ships annuals. These were first published in 1888.

Many are likely to fetch over £100 a volume.

There are two scarce editions of Jane's All the World's Aircraft, which very rarely appear for sale.

For followers of *Tha Lost Place on Earth*, based on Scott of the Antarctic, which began on television this week, there is a two-volume first edition of Scott's Last Expedition, edited by Leonard Huxley.

West dealt with East-West vulnerability, and bid one diamond. This was passed up to South, who reopened with two diamonds. Many players with the North cards would reply with two trumps, but this time North said three clubs, and when his partner rebid three spades, raised to five spades; ambitious, but not unintelligent. He expected South to have a good two-suiter. South bid six spades, and West led the diamond King.

The declarer took stock. He had 11 top tricks, and the only hope for the 12th was a club-diamond squeeze to play East for the club King was not likely to result in success. For the squeeze to work the rule of N minus 1 must be satisfied. The count had to be rectified by losing a trick early. Where better than at trick one? On the diamond King South threw the two clubs.

The second hand occurred in a team-of-four match:

At game all, South dealt and tened the bidding with two arts, a one-round force, for high, though it may seem urish to say so, he is a little fit. North replied with three arts, guaranteeing an Ace. Ace and South said four clubs. North in turn showed his Ace and four spades, the opener five diamonds, and North, adding importance to his bid, King of clubs, just

ped to six spades, which became the final contract.

Winning West's spade King with dummy's Ace, the declarer at once returned a spade, and ruffed in-hand with his Knave of hearts. He crossed to the eight of hearts, ruffed dummy's last spade, drew East's trump, led a club to the King, and returned the five.

When East followed with the seven, South covered with his nine, and the Knave won. West was unplayed. A spade return would concede a ruff discard, and a club or a diamond would give declarer his extra trick.

If East covers the club five with Knave or Queen, South wins and returns the 10, discarding a diamond from the table, and can throw another diamond on the nine.

The dummy reversal combined with the endplay is the expert's way: to ruff two clubs and rely on the diamond finesse is an inferior method.

The second hand occurred in a team-of-four match:

The West, a good player, was not going to help South by leading another diamond—he played his trump two. Winning with the eight, declarer ruffed a diamond with the spade 10, crossed to the heart King and ruffed another diamond, dropping East's Knave.

The set was drawn. Drawing



An Elijah Comfort dish decorated by Michael Cardew in 1930

*Modern pots of gold at Christie's***ART INVESTMENT**

ANTONY THORNCROFT

“THERE IS one area of contemporary art where the UK is the acknowledged world leader—ceramics. At Christie's on Tuesday dealers and collectors from the U.S., Japan and Europa packed the auction room, with British buyers, for the most successful contemporary ceramics sale ever held.”

Christie's had based its upper estimate on the prices realised at its last auction in 1984, but Cope, carried an estimate of £30,000-£40,000. The best bid in the room was £23,000.

A stoneware cup-shaped vase made by Hans Coper sold for £4,320, as against a top estimate of £3,200. An early pear shaped vase by Cope went for £7,780 as against an upper estimate of £3,000 and a 1965 dog-bone vase made £2,160, as against the most optimistic forecast of £1,200.

Hans Coper's great friend Lucy Rie did even better, a cone shaped bowl, made around 1930, selling for £3,024 (top estimate £1,500), while Japanese buyers were bidding keenly for the work of Bernard Leach and his pupil Shoji Hamada. A pilgrim dish made by Leach around 1970 was bought for £2,500 (top forecast £1,600), while a stoneware cut-squared jar and cover by Hamada, produced in St Ives around 1923, sold for £3,456, £1,000 higher than the best forecast.

Works by such celebrated potters can be expected to do well. A feature of the auction was the interest shown in less famous artists. A two-handled break crock made by Michael Cardew, a pupil of Leach, around 1935 realised £1,500, over double its top estimate, and an oval slipware dish by a 1968 buyer found a buyer at £2,808, against an £800 top estimate for Cardew.

The story continues among the younger potters, influenced by Cooper and Rie. An earthenware slab built vase by Jacqueline Constance sold for £1,185 (top estimate £500); a cup by Elizabeth Frischl doubled its top estimate, at £1,620; an architectural sculpture, with a chip, by Ian Godfrey, went for £129,600, again over double the top forecast. The exception was a mural by Hans Coper commissioned by Powell Duffryn and installed in 1961 in their Berkeley Street headquarters. The sculpture was inherited by Intergroup when it took over the building and they were informed of its value. Or rather what Christie's thought it was worth. The mural contains 16 ceramic discs

which individually would probably sell for £5,000. The installation, one of only two completed by Cope, carried an estimate of £30,000-£40,000. The best bid in the room was £23,000.

Cyril Frankel, Christie's contemporary ceramics consultant, is certain that the potential buyers who sat on their hands will be cursing their judgment in a few years time. But both the strength and the weakness of the ceramics market is that it is governed by private collectors who probably paid a few pounds for their first pot, who have profited by the steady appreciation in price in the last 10 years, but who cannot afford, or make the psychological jump, to pay £30,000 for an undoubted masterpiece.

It is perhaps ironic that the artists who founded the UK's domination should have their roots abroad. Bernard Leach, and his pupil Hamada, settled in St Ives in 1920 to pioneer the development of rustic pottery based on his experiences in Japan, while Rie and Cooper arrived as refugees in 1938, and struggled for over 25 years before their genius was recognised.

Now their work is being compared with such modern masters as Henry Moore, Hepworth and Brancusi. Their international influence is perhaps the root of their International appeal, but there are still many British buyers who paid £10 for a Lucy Rie or Hans Coper pot in 1960 who have watched with appreciation their ascent to artistic canonisation.

It is the fact that pots could be bought at Christie's this week for under £100 which makes this a successful and expanding saleroom market. All the big auction houses are looking to develop their business by selling more contemporary arts and crafts but it is proving difficult.

Sotheby's held a major sale

three years ago of furniture

textiles, glass, jewellery, etc by leading artists which was a failure because the asking prices were above the purses of young buyers and collectors.

Pots can be cheap, as can glass,

another area which might

become a thriving auction activity.

Good furniture will always probably be too expensive, as will jewellery.

match against Belyavsky), the prospect loomed of the challenger easily inching his way to success against the officially favoured candidate, with frequent halts for timeouts and draws.

The grim-faced Karpov, who sat on the platform with Campomanes and Karpov at the final Press conference, may have decided to cut his losses.

Latest developments are that

Karpov has appeared on Moscow television claiming that the call to Dubai was not instigated by him, and that he knew of the match abandonment only a few minutes before it was announced.

He asked for an immediate resumption of play, but Karpov said "no chance."

The harassed President Campomanes is now urged to return yet again to Moscow.

The next interesting point to

watch for in the saga is whether Karpov recovers in

time to confirm his acceptance

for next month's highly rated,

hard-currency international at

Linares, Spain; and what, if any, action Moscow officials

take against Karpov following his outburst at the conference.

One factor in the strange decision to abort the match may have been the budgetary position of the USSR Chess Federation. They had to make heavy payments in 1988 to reschedule the Karpov-Korchnoi series from Pasadena to London after the Soviet sports authorities used the occasion for a dry run of their Olympics boycott. Then the escalating costs of the 1984 title match at the Hall of Columns, coupled with poor ticket sales and increasing friction with Columnus officials, forced a switch to the downtown Hotel Sport despite Karpov's protest. When Karpov began to win games at the new site (which was incidentally the 1982 interzonal and his 1983

minutes ace),

that the present average age of the England indoor team is 31.

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FINANCIAL TIMES

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Saturday February 23 1985

Mr Reagan's greatest fan

A FEW months ago Mrs Thatcher, under pressure at Prime Minister's question time, mounted an acid attack on President Reagan's deficit policies and rashly concluded that she would rather face her own problems than those of the President. Last week, despite a Hollywood-style show of mutual admiration, the President in effect told her she could have her wish: he would concentrate on his own problems but he would not help her with hers. His words, as much as the more cautious ones of Mr Paul Volcker, chairman of the Federal Reserve, carried the same basic message: America is perfectly happy with her problems, and no policy change is intended. The currency markets then gave the President a hearty vote of confidence.

The vote is in some ways deserved, because the recent U.S. performance can by European standards, be called miraculous. One of his problems, after all, is the same one which Mrs Thatcher faced in 1982—a grossly over-valued currency undermining competitiveness, together with high real interest rates. Mrs Thatcher (or rather Sir Geoffrey Howe) acted to relieve this pressure, though it did mean tightening the budget. Sterling fell (and we have had something of an export-led recovery), and interest rates fell too, until they had to be jackeded up again to prevent sterling going into a terminal nosedive. This policy was not Thatcherism as described on the playbooks, but there was little alternative: British industry simply could not cope.

President Reagan has felt able to take a radically different attitude. Everyone is cut of step except our dollar, and if that hurts anyone at home, bad luck.

Adaptability

The miracle is, though, that so much of American industry has been able to adapt. The high-technology end is not really subject to price competition, but in many established industries a mixture of pragmatism, rapid modernisation and buoyant demand has generated prosperity rather than pain. The real clue is in the aggregate figures: the American current account deficit is large, but it seems to have stabilised, so that output can continue to grow at something approaching the growth rate of demand. There has been some luck in the mixture—for example, the fall in the dollar price of oil has revived demand for the bigger cars that only Detroit mass-produces; but mainly it is a triumph of self-reliance and adaptability. No wonder Mrs Thatcher, even after a frustrating visit, remains a fan.

Whether investors are still as quite so enthusiastic remains questionable. America is under fierce competitive stress, and the financial crisis, embracing international lending, farm lending, and some vulnerable areas of real estate, remains a rumbling menace.

However, it is doubtful if even Mrs Thatcher at her most combative would prefer her own problems to those of the President. Some of the short-term gains may go away. The miners yesterday showed the first signs that a sizable number might accept Mr Peter Walker's invitation to end their strike by going back to work; meanwhile the constructive, if ultimately futile talks between the Government and the TUC could mark the end of a long lull. Sterling has come through the dollar's current surge less battered than many other currencies, so the hope that interest rates could start down again in the foreseeable future is still alive in the markets. Meanwhile even the National Institute foresees that our modest recovery will continue on present policies.

The present pace of recovery, however, is not enough to start reversing the appalling rise in unemployment, nor is it enough to finance tax cuts, nor is it enough at the moment to keep the voters happy. Despite her stern rhetoric, the politician in Mrs Thatcher must wonder if she could not somehow contrive to make things go faster.

This kind of problems she faces—like every British government in modern times—is illustrated by incidents like the recent UK shopping expedition by J. C. Penney, a chain of stores with a rather Marks and Spencer approach to the clothing market. A number of companies, including some household names, refused to negotiate because their order books are already full. An American company with the same opportunity would be discussing expansion with its bankers. Another is illustrated by the National Institute's detailed study of productivity in like factories in Britain and Germany. The British were still buying out-of-date machines because nobody—operators, foremen or managers—understood the most up-to-date and suffered frequent breakdowns even of these simpler machines.

This kind of lack of confidence and know-how cannot be put right by fiscal stimuli; on the contrary, it explains why our economy responds to them so sluggishly. It may even mean more government spending to foster training and education. Attacks on British clubbiness exemplified by allowing CitiBank to take over the clubbies of all discount houses, Seccombe and Walker will also help, but only in a pretty long run.

PAUL VOLCKER packs an iron punch in a velvet glove. When the U.S. Federal Reserve Board chairman sat down after his biannual bout with the Senate Banking Committee earlier this week, he had boxed with his habitual courtly style. But the message hit home with a crunch.

In the wake of his low key but unmistakably blunt warnings to the nation's politicians and financiers, short-term U.S. interest rates surged: the dollar shot through the roof and the rally in the equity markets came to a shuddering halt.

The burden of Mr Volcker's homily was simple. The Fed, he said, has stopped pumping money into the system. It will not finance the bulging Federal deficit by "running the modern equivalent of the printing press." Neither will it use monetary policy to engineer a decline in the dollar.

But most crucially, be warned of the dire consequences should foreign investors lose their appetite for U.S. government securities—something the said could happen "overnight."

In making these points, he reminded us of things they would rather forget—that if foreign investors stop supporting the U.S. economy the dollar could collapse, interest rates and inflation could soar and the current expansion could be brought to a grinding halt.

"The stability of our capital and money markets is now dependent as never before on the willingness of foreigners to continue to place growing amounts of money in our markets," Mr Volcker said.

Last year alone, he noted, almost a quarter of America's capital needs came from abroad, and he hinted darkly at the consequences of an abrupt re-appraisal of the attractiveness of U.S. markets by overseas investors.

The Fed chairman's comments thus forced the U.S. capital markets to take stock after a heady start to the new year which saw a burst of optimistic predictions that the U.S. was on the verge of a new "golden age" of inflation-free economic growth.

This marked changed in sentiment was most apparent on

Equities once again attract the small investor

Wall Street. In early January, as U.S. interest rates hit 12-month lows, the equity markets took off. The daily volume figures on the New York Stock Exchange began to signal an intriguing story. After hovering around 80m throughout the previous three months, the number of shares traded on January 10 suddenly shot up to 125m.

On all but one of the following 20 business days, volume on the NYSE topped the 100m mark, adding an apparent depth to the recent equity rally which was noticeably lacking throughout 1984.

Virtually all the numbers coming out of the markets suggested that the small private investor, who still accounts for around 60 per cent of share ownership in the U.S., had returned to equities in force. "This is the most retail participation we have seen in two years," says Mr Jerry Markowitz, head of equity trading at Prudential-Bache securities.

The dollar—which has moved from DM 3.1540 at the

U.S. financial markets

Mr Volcker sends a chill down Wall Street

Our U.S. staff reports on the present mood of American investors

Last year, the small man started the year to flirt with the DM 3.40 level yesterday—has brought fierce competitive pressures to bear on the inflationary dynamics of the U.S. economy.

Its strength has also increased the flexibility of the Federal Reserve Board to take more risks on the side of encouraging economic growth and resisting recessionary pressures than would otherwise have been the case.

It was the Fed's surprisingly prompt and vigorous reaction to the slowdown in economic growth in the second half of last year which helped set the U.S. economy back on an expansionary track. Beginning in September, the Fed cut the discount rate in two steps to 8

per cent in the first seven weeks of the year.

The surge in equity prices,

while the Dow Jones Industrial hit a record of 1287.92 ten days ago, has been underpinned by a bold revival of investor confidence in the U.S. economy coupled with sharply lower inflation expectations. "Inflation expectations are probably the key," says Mr Robert Salomon, director of stock research at Salomon Brothers.

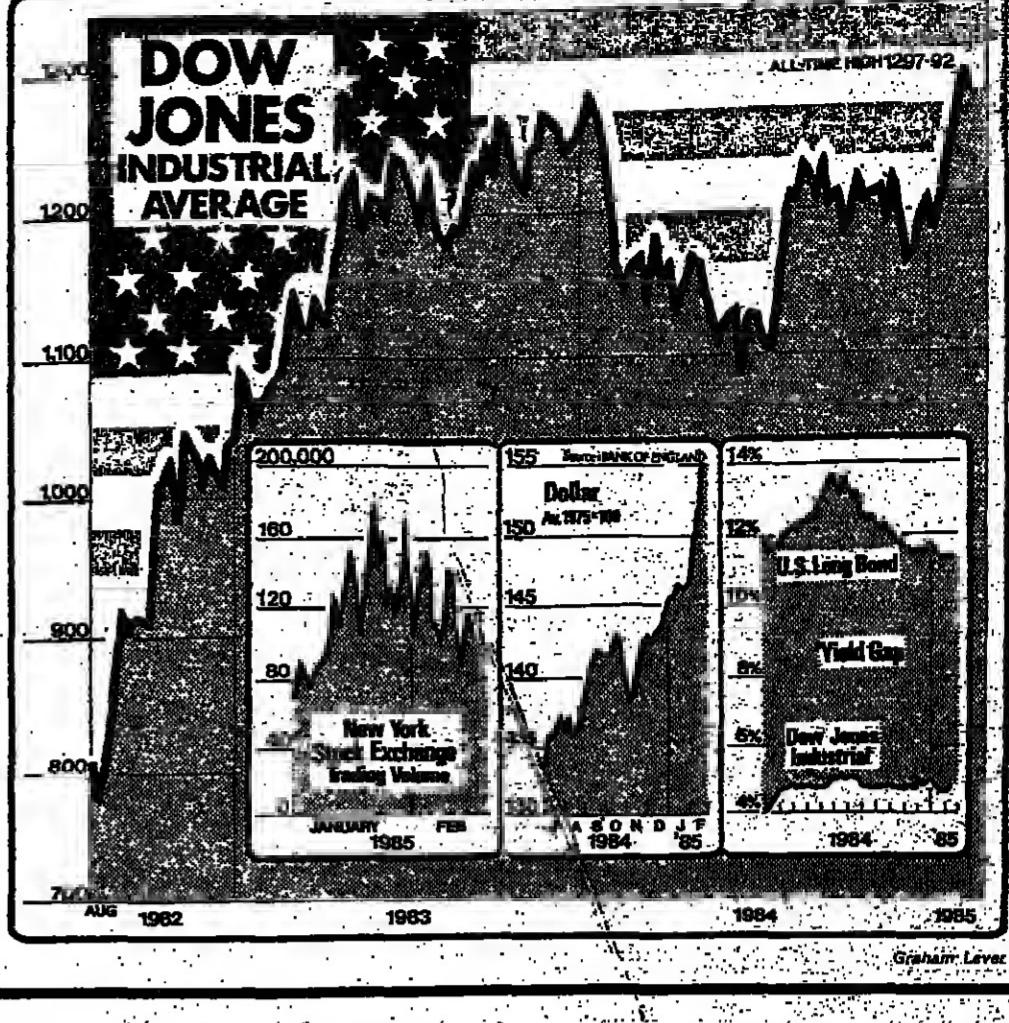
This view is confirmed by surveys of the outlook for inflation conducted by Wall Street firms. Mr Richard Hoy of Investment Bankers, Drexell Burnham Lambert, in his latest December decision makers poll, concluded that 10 years inflation expectations have now dropped to 5.5 per cent compared with a peak of 9 per cent in late 1980.

Even Mr Volcker is willing to accept that "chronic expectations of future inflation have been damped," and that "the market at large now seems to sense a greater degree of control over inflation than for many years."

But he differs from the optimists in emphasising that the pressures in the economy—particularly the strong dollar—could easily evaporate.

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IT IS worth now making a small effort of imagination. It is worth thinking yourself into the state of a mind which holds Mr Arthur Scargill in high esteem.

This is more than simply mental aerobics. Conventional wisdom has it that Mr Scargill has committed yet another set of terminal stupidity in isolating the miners from their allies, committing them, a depleted band of 19th century cavalry, to charge against the tanks of the National Coal Board and the Government like the antiquated divisions of the Polish army—smashing themselves against the Panzers in the summer of 1939.

To the question—why does the rest of the 26-man executive, and the coalfield delegates, follow his lead—conventional wisdom replies that they are stupid, or too cowardly to face the charge of betrayal from the activists, or cynically calculating that Scargill will get it in the neck for the ultimate disaster, not them.

Conventional wisdom may have a point on all these matters. But to stop there leaves out of account perhaps the most important consideration. They admire and respect him; and by their lights there are good reasons why they should do so.

From the outside—and the "outside" contains such figures as most union general secretaries, Nottinghamshire miners and Labour MPs—the NUM President appears a man willing to resort to any ruse, manipulate in any fact, use any person—in support of his ultimate purpose of maintaining the strike. So he is. But he has also been unwaveringly faithful and honest in one crucial respect: in pursuing the policies laid down by the NUM's national conference, constitutionally the union's highest body. It prescribed complete opposition through industrial action if necessary, to pit closures—unequivocally, no ifs and buts.

Now everyone knows that conference decisions are—how shall we say—a little overenthusiastic, and that the art of leadership in representative institutions consists very largely (in the Labour Party, almost wholly) of making creative compromises between them and reality. But the "everyone" who knows this does not include the activists and radicals who work for such decisions and who genuinely want them adhered to. Mr Scargill was the country's ace activist and remains on still: he has the activists' absolute fidelity to the outcome of the internal process, very little, almost none perceived, of the presidential need to balance militancy with caution, rhetoric with reality.

It is, of course, not the case that Mr Scargill is simply a

The miners' strike The secret of Arthur Scargill's spell

By John Lloyd, Industrial Editor

more than usually efficient vehicle for processing conference resolutions. He has for more than a decade put himself at the head of the NUM's radical wing, and has had at least a hand in most of the successes enjoyed by left-wing policies. His ideology, which is a revolutionary one, is in accord with the militant syndicalism of liberal union policy which would end in the creation of a socialist society by industrial means. Because this is so, and because Mr Scargill has no notion gradualism of any kind, he is the activist's dream.

Thus Mr Scargill has wholly avoided the "disillusion factor" which nearly all left-wingers suffer from sooner or later once they achieve high office: his most avid supporters remain his most avid supporters (though he has lost quite a few of the less avid, some of whom have become bitter foes). Further, even where his area officials, many of whom longer in the tooth, thinner on the top and shorter in the wind than he, believe he is behaving more like the lead lemming than a president, they are silenced by the reflection that their hands went up to support the policies on which they are based.

It cannot be too often said that the miners regard themselves as men separate from other men, and thus as trade unionists separate from other unionists. No other group of workers would have produced a leader like Mr Scargill, and no other could sustain him: he derives his uniqueness only in part from his personality, politics and experience, much more from the culture of British mineworkers and their union.

They expect from their leaders a degree of toughness of mind which would strain the leaders of most other unions: in this hard school, Mr Scargill

has distinguished himself. The other side of that, however, is that this exclusivism amounts to snobbery can all but screen out influences other than those within the union, thus handing to its top leaders an awesome power.

A concrete example: on Wednesday, the NUM executive gathered in London, having seen on their televisions heard on their radios and read in their newspapers little else over the previous days than accounts of the seven TUC leaders popping in and out of the highest places in an effort to reach an acceptable basis for a settlement. When the executive got to Congress House at 2.30 in the afternoon, their president told them he knew nothing had been told nothing and all he could suggest was that they went away and reconvened next morning. Later that afternoon, they were summoned back for a meeting at which Mr Norman Willis, the TUC general secretary, told them of the improvements he had got: he did not, in the eyes of most of them, make a very impressive presentation and some of them could not understand him: he has an elliptical style of speaking at times.

Mr Scargill probably knew more than he let on: at the very least, he knew at 2.30 that Mr Willis was on his way back and expected him to hold his executive for his late arrival. In professing himself as ignorant as they, and in sending them off to wander around town, he had created, by 5 pm when they reassembled, a body of men resentful and bewildered, inclined to look benignly on Mr Willis's offerings. But they were already half way there: they do not like the TUC, do not like London, do not like coming and going amid squads of gabbling reporters and corralling cameramen. Terribly

it is worthwhile looking at Mr Scargill in this light: because that is how he is seen from inside that large part of his union which wants to carry on the fight. He can, of course, be stopped in his tracks by a Government willing to spare no expense of any kind: but he cannot, for the duration of this strike, be stopped by the union apparat.

and the companies into releasing their stars and waiving royalty dues. Geldof hoped the record might make film. Instead, it became the fastest-seller ever, with world sales running into millions.

With that kind of response, he couldn't just take the money to Ethiopia in a briefcase. He needed expert help, which is where the City executive, Philip Rusted—a 33-year-old partner in accountants Stoy Hayward—came in.

Geldof registered Band Aid as a charity and set up a group of distinguished trustees. They turned to Stoy Hayward for help, because of the firm's known expertise in the music industry, and it put Rusted and a small group at Band Aid's disposal without charge. He has been responsible for collecting all the revenue raised by the project and investing it for a maximum return on route to its final goal.

But that has been just part of the exercise: the other difficult bit is turning the cash into practical help. The easiest solution might have been to pass the money on to established aid organisations, but Geldof declined, partly because some of it would necessarily have been absorbed in administration costs and partly because he felt that those who had bought the record would want to see their cash being put to direct use. That was why he made a personal visit to Ethiopia at the beginning of the year, and it was then that he met the monk Brother Augustus, whose "parish" covers the burning desert in the north of the

country where the famine emergency is concentrated.

An Irish Franciscan friar, Brother Augustus, is the representative in Ethiopia of the Christian Relief Development Agency and the co-ordinator, with government and UN approval, of all non-governmental aid agencies. With his help, Band Aid has been able to start to convert the cash into real aid.

The first step was establishing a relief centre in a central London building—lent by the Greater London Council without rent or rates. Brother Augustus has what is required and those at the centre (all of whom work without pay) arrange for tenders. Payment is authorised by the trustees from the revenue collected by Rusted.

The latest information from Brother Augustus is that Ethiopia has big large amounts of grain. The most pressing needs are for special high-protein foods for children, medical supplies and transport. With that in mind, Band Aid's first actual shipment should take place early in March.

But the successful start of the Band Aid relief operation signals the end of Band Aid itself. Geldof always considered the recording session as a "one-off" but to boost the earnings of the appeal, he is now trying to arrange a final Band Aid concert—which would actually be the "group's" first (and last) appearance in public. Negotiations are underway to hold the concert at Wembley Stadium in July, with a satellite transmission to the U.S.

We all know a few words. "Penzance" means "holy land," "Bodmin," unknown to summer tourists stuck on its bypass, signifies "dwelling by the sanctuary." But some inhabitants of "Kernow"—the western peninsula is known to its friends—have taken it much further.

"Eighth cosel," Graham Sandercock tells his children. "Be quiet!" says Anna Sandercock. Either way, the message comes across. From their earliest days their father has addressed them in Cornish, their mother in English. When all the family are talking together, she too slips into Cornish.

By profession Graham Sandercock teaches geography in English. Out of school hours he edits a prestigious monthly magazine for dissident linguists. *A Gwennion* ("Herald"), now with "extra pages" and a circulation soaring above the 300 mark, celebrating its 100th issue in April. Anna helps produce the monthly comic for children, *Lew Llyw* (which loses something in translation as "Read and Colour").

"Certain academics," admitted Sandercock, who lives in Liskeard, "tend to be a bit on us, calling us 'revivalists' and accusing us of just playing at the language. But the movement, which expresses the pride of being Cornish, is beginning to take off."

It still has some way to go before becoming airborne. Wells (=William) Brown, of the Cornish Language Board estimated that possibly as many as 200,000 people could be classed as Cornish speakers, from the 50 or 60 who can hold a lengthy, fluent conversation, to those with just a smattering. A few mayors take the trouble to learn a paragraph or so when welcoming the Gorsedd.

The GLC currently provides a number of services to the Heath, including the policy team of the planning section. On the spot are park managers and the best people for the job.

1871 which created Hampstead Heath for Public use in perpetuity.

Since then, care and management of a much extended Heath have become matters of considerable complexity. For a start, it combines the more conventional type of park—tennis courts at Parliament Hill Fields and flower gardens at Golders Hill—with the enormous acreage of heathland, woodland and specialised ecologies that make Hampstead Heath unique.

The balance between this apparent wildness and the maintenance required is discreet. Such landscapes do not stand still. Some trees die, others seed. Meadows, bogs and ancient woodland must all be guarded.

Hampstead Heath is London's vast back garden. Big enough to walk there for hours and never see the same bit twice. Unlike the neat central London parks, it has a real country atmosphere, deflated in the Commons committee on Thursday night. The other option is that English Heritage should take on the entire 800 acres. But this would effectively hand the Heath to the Department of the Environment—and they may not be the best people for the job.

Opposition to these proposals comes from all political directions and many people consider that the Heath is facing its most serious threat since 1829 when Sir Thomas Marson-Wilson, the absent Lord of the Manor, petitioned Parliament to let him develop it.

That battle ended 40 years later when his son sold 240 acres of the Heath to the Metropolitan Board of Works and Parliament passed an act in



IF THE special relationship between Britain and the U.S. no longer appears as special as it once was, don't tell Mrs Margaret Thatcher or President Ronald Reagan.

The Prime Minister's two-day visit to Washington this week was a celebration of mutual admiration which went beyond just the common interest of allies but also raised questions about whether anything of substance was achieved beneath the high-sounding rhetoric.

Standing in the glorious spring sun outside the south portico of the White House, Mrs Thatcher said: "We see so many things in the same way and you can speak of a real meeting of minds. I feel no inhibitions about describing the relationship as very, very special."

Later at a banquet at the British Embassy—at which the main course was a slender but appetising fillet of veal, "the Special Relationship" followed by Raspberry Mousse "Margaret," the compliments overflowed. This prompted the ever-generous Mr Reagan to remark: "Based on the career that I once had before this one, you are a very tough act to follow." He was no slouch with the praise, though, watched as ever by numerous secret service men, passing somewhat unconvincingly, as waiters dressed in dinner jackets but standing motionless for three hours.

On a less high-fawn level, administration officials and congressional leaders were naturally pleased with Mrs Thatcher's strong support for the President's stand in the arms control talks and for her sympathetic public view of the budget deficit and the problems caused by the strong dollar—about which both sides are almost fatalistic.

In the conventional sense,

however, the visit did not prove much. For the British there was the promise that foreign companies could have a chance to bid for some of the contracts in the research phase of the Star Wars programme which is still at a very early stage.

Otherwise, there was mainly an exchange of views: an update for the British on the U.S. view of the Geneva talks next month, support for the Anglo-Irish dialogue, on Northern Ireland, with a condemnation of terrorism, and an agreement on the need for a new Middle East initiative.

Much more than any points of substance it was Mrs Thatcher's performance that made the visit such a tour de force. As one senior congressman remarked after an exhausting meeting: "Is she always like this?" The answer is Yes. Her energy, stamina and range are remarkable.

In short, U.S. politicians were awed by a leader at the height of her powers. Even for someone who has seen her triumph over to supervise arrangements, however, the visit did not prove much. For the British there was the promise that foreign companies could have a chance to bid for some of the contracts in the research phase of the Star Wars programme which is still at a very early stage.

And without the sumptuousness of Westminster she spoke more softly, even flatly at first, before being warmed up by the applause. Mr Gordon Reece, her media adviser, who had flown up from Florida, seemed to approve.

Some Republican senators appeared enraptured by her address and later eagerly composed to be photographed shaking hands with her on campaign leaflets in 1986 and beyond.

In many respects Mrs Thatcher's approach was wholly different from that she adopts in the Commons. As at party conferences, she uses a teleprompter, a device whereby the text is projected up on to two glass screens on either side of the speaker, but invisible to the audience. Mr Harvey Thomas, the Conservative Central Office expert on what is often dubbed the "smile machine," was specially flown in to permit constant secure communications with

Mrs Thatcher in Washington

Filet of veal special relationship

By Peter Riddell, Political Editor, in Washington



President Reagan welcoming Mrs Thatcher at the White House on Wednesday.

Downing Street. Her packed timetable—starting each day with television interviews at 7 am—is presented like a U.S. President's schedule with several photo opportunities and pool facilities for the media.

All this has meant that the British Press has taken a more obsessive interest in the Prime Minister's every action. So when it was announced on Thursday that her departure would be delayed for 10 hours because of possible fog in London, suspicions were aroused. One reporter, cross-checking with London, claimed there was no fog, another questioned the Prime Minister's health and there was even talk of a sudden trip to Dublin or, more fancifully, Bermuda. Alas, the truth was more boring, and everyone would have to be patient, though one of the Prime Minister's aides did admit that she would be chasing at the bit before the day was over.

Judging by the extent of television and Press coverage in Britain, the visit has helped to reinforce Mrs Thatcher's image as a strong and influential leader. In Washington her high reputation and rating in the U.S. enabled her to talk to everyone who matters. This was reflected not only in her warm reception by Congress but also by the extensive coverage given to her speech, at the top of the mighty news bulletins and on the front pages.

The danger is that what was undoubtedly a major public relations success for Mrs Thatcher will be mistaken for much more, possibly even by her. There are important cultural, economic and political links between Britain and the U.S., which may be greater than those with other European countries, but that does not mean that Britain necessarily has a special clout in Washington, as was shown by the tension following the U.S. invasion of Grenada in 1983.

For instance, Mrs Thatcher's warning about the problems caused by the strong dollar as a result of U.S. policies did not seem to have a lasting impact on the President. In his televised Press conference on Thursday evening, he said that the dollar's problems reflected the failure of the European economies to catch up with U.S. performance, which was not exactly Mrs Thatcher's tune.

Similarly, Mrs Thatcher's cautious reservations about the long-term nature of the Star Wars programme may soon be overshadowed by the Reagan Administration's enthusiasm. Mrs Thatcher's frequent references to a special relationship may therefore raise expectations about Britain's influence over U.S. policy which go well beyond her personal friendship with President Reagan. Such expectations are likely to be disappointed.

Cornish tongue wags again

TODAY is *de Sadorn* on tressa-wagan ugens mys Wherever. Since there are fewer than 2,000 people likely to understand that phrase from a language which is both British and foreign to most Britons, here is a glossary:

de "day," *Sadorn*—Saturday, "an"—the "tressa-wagan" 23rd, "mys"—month, "Wherever"—February.

Cornish is the poor relation of our Celtic tongues. Unlike Welsh, it boasts no Channel Four of its own. The last person to grow up a monoglot Cornish, and learn English as a second language, died nearly 200 years ago. Yet the language itself did not quite pass away, and a handbook published early this century started the Celtic bandwagon rolling west of the Tamar.

We all know a few words. "Penzance" means "holy land," "Bodmin," unknown to summer tourists stuck on its bypass, signifies "dwelling by the sanctuary." But some inhabitants of "Kernow"—the western peninsula is known to its friends—have taken it much further.

"Eighth cosel," says Anna Sandercock. Either way, the message comes across. From their earliest days their father has addressed them in Cornish, their mother in English. When all the family are talking together, she too slips into Cornish.

By profession Graham Sandercock teaches geography in English. Out of school hours he edits a prestigious monthly magazine for dissident linguists. *A Gwennion* ("Herald"), now with "extra pages" and a circulation soaring above the 300 mark, celebrating its 100th issue in April. Anna helps produce the monthly comic for children, *Lew Llyw* (which loses something in translation as "Read and Colour").

"Certain academics," admitted Sandercock, who lives in Liskeard, "tend to be a bit on us, calling us 'revivalists' and accusing us of just playing at the language. But the movement, which expresses the pride of being Cornish, is beginning to take off."

It still has some way to go before becoming airborne. Wells (=William) Brown, of the Cornish Language Board estimated that possibly as many as 200,000 people could be classed as Cornish speakers, from the 50 or 60 who can hold a lengthy, fluent conversation, to those with just a smattering.

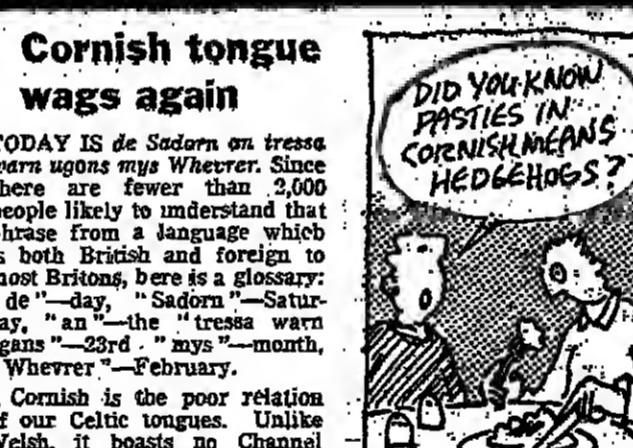
Opponents of the scheme fear that the Heath could become the scene of a war of attrition between hard-pressed authorities (one of them rate-capped) who are unlikely to find much to agree about. The dangers of encroachment, road schemes and commercialisation have all been raised.

Peggy Jay, chairman of the Heath and Old Hampstead Society fears that the Heath would turn into either a rural slum or a metropolitan park.

An amendment to the Bill, with all-party support proposing strengthening the residual body to take over more of the things like the Heath which are regarded as being above-borough management was defeated in the Commons committee on Thursday night. The other option is that English Heritage should take on the entire 800 acres. But this would effectively hand the Heath to the Department of the Environment—and they may not be the best people for the job.

Opposition to these proposals comes from all political directions and many people consider that the Heath is facing its most serious threat since 1829 when Sir Thomas Marson-Wilson, the absent Lord of the Manor, petitioned Parliament to let him develop it.

That battle ended 40 years later when his son sold 240 acres of the Heath to the Metropolitan Board of Works and Parliament passed an act in



BUILDING SOCIETY RATES

	Share	Subs	a/c	shares	Others
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BY
TOM
TEN
OF
STRIKE
SOCIETY

Pauls planning £23m U.S. expansion

BY ALEXANDER NICOLL

PAULS, the animal feed and meat group, yesterday announced plans for a U.S.\$25m (£22.2m) expansion of its flavours and fragrances business as it formally advised shareholders to reject a £10m bid from plantations group **Harrison's & Crossfield**.

Depending on shareholders' approval, which will not be sought until after the bid battle is over, Pauls has acquired an option to purchase the flavours and fragrances division of **Felton International**, a privately-owned U.S. company.

The purchase would more than double the size of Pauls's activi-

ties in this area. It has also recently been expanding into foods through **Telford Foods**, a make of muesli, soups and sauce mixes.

In its defence document, Pauls promised shareholders a 53 per cent dividend increase to 13p a share for the year ending March 31, 1985, including a 10.5p final dividend. Pre-tax profits were estimated at £11.5m, little changed on last year's £11.3m and the previous year's £11.6m.

Pauls said it had almost completed a major reorganisation.

H & C has bid at a time when the hard decisions have

taken and shareholders have not yet been able to reap the rewards due to them. H & C has done nothing to deserve them," said Mr Michael Falcon, Pauls chairman. He said the bid was seriously undervalued.

Mr George Paul, chief executive, argued that "both core businesses (animal feed and meat) are now lean fit and progressing forward in their respective markets. Our market share in agriculture is rising and meat contracts made for 1985 have shown that our production capacity will be fully utilised."

Bearings, advisers to H & C, said the defence document failed to

answer the main contention of our offer that it was very fair and generous. It doesn't say why our offer was inadequate." The document did not include an estimate of earnings per share. Barings

noted that H & C's earnings were dependent on volatile commodity markets and that its plantations were vulnerable to political uncertainties.

Pauls' shares were unchanged yesterday at 33.65p and H & C's unchanged at 13.5p. H & C's share offer of 0.75p shares for each Pauls share was thus valued at £22.05, compared with the 320p cash alternative.

Barrow Hepburn cash call to cut borrowing

BY STEPHEN WAGSTYL

BARROW HEPBURN Group, which has switched away from its traditional tanning and leather businesses to chemicals and engineering, is asking shareholders for £2.64m via a one-for-four rights issue.

The cash call was accompanied by the announcement of a 4 per cent increase in pre-tax profit to £1.65m for 1984 on sales up 26 per cent to £41m.

The new shares are being issued at 39p each against a closing price yesterday of 47p, down 3p on the day.

Herman Smith quits metal presswork

HERMAN SMITH, the West Midlands-based engineering group which plunged into loss last year, is to close its metal presswork division. The business and the majority of the assets involved are being bought by Armstrong Equipment of Humberside for about £350,000.

Herman's shares were suspended on Wednesday at 22p, at which the company is valued at just £2.22m. The board has asked for the suspension to remain in force while it reorganises its affairs. It promised a further announcement in two weeks.

In the last year the company has attempted two rationalisations at Herman Smith (Presswork), which makes pressed components, sheet metal assemblies and welded fabrications. In December it spoke of "substantial cost write-downs" in reorienting the division to a smaller number of large customers.

For the year to June the group made pre-tax losses of £1.9m, including exceptional charges of £975,000, against a small profit the previous year.

The December statement also unveiled an agreement with William Baird for its Darnham division to take a stake in Herman Smith's precious engineering side for an amount in the region of £1m. A deal of this nature was a requirement imposed by Herman Smith's bankers for their continued support, and its accounts were qualified accordingly.

At its last year-end the company owned its banks just under £2m, and it acknowledged yesterday: "There are an awful lot of borrowings there for the level of activity."

Its metal finishing activities were continuing, it added, and its high technology joint venture with Hitco of the U.S. was showing benefits.

The closure of the presswork side will mean the loss of 110 jobs. Armstrong is paying £50,000 for plant, property and customer contracts, and will purchase as much as it requires of stock valued at a minimum of £300,000. International Power Presses is buying some additional machinery for £120,000.

Rbt. Douglas sees recovery

AS A RESULT of losses being sustained on several contracts in the UK and overseas, Robert M. Douglas, civil engineer and building contractor, plunged into the red in the six months to September 30 1984.

Mr J. R. T. Douglas, the chairman, says however, that he anticipates an improved position at the end of the financial year, with profits at least equal to the £455,000 figure reported for the year to March 31 1984.

First half losses were £295,000 compared with profits of £200,000. Group turnover advanced from £6.2m to £7.43m, with the construction division as a whole contributing 23 per cent more at over £5m.

Mr Douglas says it can be readily understood that trading conditions in UK construction continue to be extremely compe-

titive. The specialist construction division incurred a further loss due partly to a reduction in turnover of 25 per cent to £4.85m.

He adds that both divisions have settled in negotiation which should improve the position by the end of the financial year, though the two major outstanding claims remain unresolved. Legal proceedings have been instituted by the company.

The construction equipment and materials supply divisions have made good progress, both turnover and profit. The plant hire division suffered from reduced turnover and incurred an increased loss. Reorganisation of the hire fleet and depot structure continues.

In the six months under review, there was a group operating loss of £109,000 (profits of

£215,000 before redundancy costs of £83,000). Interest receivable totalled £36,000, compared with £76,000, but this was eliminated by interest charges of £131,000 (£173,000). Related companies' losses came to £31,000.

In view of the first half losses, the directors feel it is undesirable to declare an interim dividend. Last year's interim payout was 1.75p net, followed with a final of 1.75p.

Consideration will be given to the current year-end dividend at the appropriate time.

After tax of £186,000 (£240,000) and minorities of £69,000 (£22,000), the attributable loss to shareholders was £412,000 against £177,000, which included an extraordinary debit of £39,000. The loss per share was 2.7p (0.9p) at the last year-end, the stated earnings were 2.2p.

Adams & Gibbon improves despite miners' strike

HIGHER taxable profits of £654,000, against £624,000, were achieved by Adams & Gibbon in the year to November 30 1984, despite a slowdown in the second six months due to adverse effects from higher interest rates and the coal dispute.

The company, a garage proprietor and Vauxhall Opel main dealer in the North-East of England, lifted full year turnover from £32m to £33.22m.

In terms of new car volumes, 1985 has started well, but margins continue to be subject to extreme pressures. And although the directors are optimistic about prospects for its leasing and hire purchase divisions, they say it will be difficult for the group to make significant progress while interest rates remain at current high levels and general economic prospects remain unsettled.

Operating profits amounted to £1.03m (£93,000) and was subject to interest payments of £376,000 against £341,000.

The final dividend is unchanged at 3.75p, making a total 5.5p (5.25p).

The directors say that the uncertainty in the economy

caused by the coal industry dispute affected second half trading of certain branches in the North East.

The Vauxhall Opel share of the national passenger car market again increased during 1984, but the directors say it was extremely difficult to maintain adequate unit gross profit margins because of competitive trading conditions, and point out that the company had to rely on its spread of activities to support group earnings.

Tax took £137,000 (£93,000), leaving net profits of £514,000 against last year's £541,000.

Mayhew price fixed

Broker Simon and Coates has fixed a placing price of 100p a share for Mayhew Foods, a supplier of fresh and processed chicken which is being floated on the USM.

The issue is being advertised next Wednesday and dealings are to start on Monday, March 4.

The issue of £3.5m 12 per cent redeemable debenture stock being made by Mid-Sussex Water Company is redeemable on March 31, 2010. Brokers to the issue are Dennis Murphy, Campbell and Company.

Shareholders in qualifying BES

companies can claim tax relief on their investments, so long as they keep the shares for five years. Central London Developments' issue is sponsored by Chancery Finance, and closes on April 11.

Great Gable is asking for up to £1.03m to buy properties in Central London for conversions into flats. The offer, which is being arranged by Granville & Co, closes on March 14. Limehill, which intends to develop residential and office buildings in London's docklands, is offering up to £2m worth of shares, sponsored by Pacman Fund Management, a licensed securitiser dealer.

The latest non-property company to seek BES equity is Maser Wine Shippers, which is asking for up to £1m to establish a wine "wholesaling" venture in Edinburgh. Noble & Co, a small Scottish investment management group, Reed Steinhause Investment Services and the directors have underwritten the minimum investment of £250,000.

Central London Developments, which is aiming to raise almost £1.2m to redevelop residential property in the capital, admits to bringing its share offer forward by a month because of anxieties that the Chancellor might prevent property companies from qualifying from the BES in future.

Agricultural ventures were banned from the BES in the last Budget, and further adjustments to the scheme seem likely next month. The Government is believed to be concerned that the scheme is still attracting too many asset-based investments and not enough genuine start-ups with lasting employment potential.

Shareholders in qualifying BES

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

TRAFALGAR House announced a £175m rights issue to help fund its 1985 £250m investment programme and immediately launched a £37m cash bid for **Haden**, the mechanical and electrical engineering group. Haden described the offer as opportunistic and totally inadequate and stated that the bid will be vigorously resisted.

British Electric Traction, after being given the green light by the Monopolies Commission, moved swiftly to renew its take-over bid for the 55 per cent stake in Initial, the laundry group, it does not already own. BET is now offering 14 Deferred shares plus £13.50 cash for every 10 Initial shares. The latter, while noting the new bid, is believed to be disappointed with the terms as they are less favourable than those agreed six months ago.

Engineering concern **600 Group** made a long-awaited £2.13m cash offer for F. Pratt Engineering, one of its major suppliers. 600 Group already holds a 26.8 per cent stake in Pratt and is now offering 7.8p cash for each Pratt share. Pratt's offer, which speaks for 0.6 per cent of the equity, are accepting the offer.

Promotions House, a US-quoted company that specialises in consumer promotions, made a £1.3m one-for-one share swap offer for Bonnusbond, a fully-listed concern which devises employee incentive schemes and other promotions for large companies. Promotions House has received an irrevocable undertaking to accept its offer from Aries Investment Trust and its nominees who holds 29.22 per cent of Bonnusbond's issued share capital. Bonnusbond's immediate reaction to the bid was favourable.

The battle for control of Wheeloock Marden, the Hong Kong trading group, has intensified. Tan Sri Kho Teck Puat, through his private company Falwya, has made an improved cash offer for Wheeloock's A shares and 70 cents for the B shares, a 6 per cent improvement on last weekend's offer of HK\$8.60 and 66 cents respectively from Sir Yiu-Kong Pao's Hong Kong and Kowloon Wharf, East Asia Warburg, advisers to Wheeloock, issued a holding statement advising shareholders not to sell out before details of an independent property revaluation are known.

Suter, the engineering and packaging group, made an agreed bid for Lake and Elliot, the steel foundry concern in which it already holds a 28.1 per cent stake and has boardroom representation. Suter is offering 80p per share, or 11 of its own shares for every 20 Lake and Elliot, which value the latter at £3m. Suter has received irrevocable acceptances totalling 5.7 per cent in addition to the stake it already holds.

Value of
Company
bid for

Value of
share*
price**

Price
before
bid

Value
of
bid
£m*

Bidder

Prices in pence unless otherwise indicated.

Company

Year

Pre-tax profit

Earnings*
per share (£)

Dividends*

per share (£)

(p)

COMPANY NEWS

RESULTS DUE NEXT WEEK

All eyes on ICI for £1bn profit

THIS TIME last year, Imperial Chemical Industries unveiled full-year profits which, at £619m pre-tax, fell somewhat short of what the City had in mind. On Thursday it is due to try again, and there is likely to be some disappointment if the 1984 figure does not scrape past the £1bn milestone. The company has set this as its target (although had not pledged to fulfil it by last December), and even if any analysts think it will fail, expectations range just above the magic number, from around £1.025bn to £1.04bn.

Turnover is not thought likely to make a simultaneous break through the £10bn barrier, but should not be far behind at £9.55bn to £9.6bn. What ICI has pledged, though, is to restore the dividend to the 1979 level in real terms if the £1bn profit arrives. The City interprets this as a final payout of 15p per share, taking the total for the year from 24p to 39p. The bulk of the improvement is being attributed to a turnaround in petrochemicals and plastics, swelling back from loss to a trading "contribution" of £137m to £150m. It has been a beneficiary of the strength both of the dollar—with its U.S. business developing fast, even ahead of December's \$750m splash to buy the Beatrice chemicals side—and of the D-mark, in which European chemicals are priced.

The report from the North American battle front will be the most closely-read part of the 1984 preliminary statement from Reuters, due on Tuesday. At the half-year, Reuters admitted that sales in North America were falling behind budget. In the face of fierce competition from Telestra, moreover, the high costs of doing the groundwork for the North American systems were holding back profits growth. This time, the City will be hopeful for more positive news, though it will still be too soon to judge the eventual outcome of what is likely to be a long campaign. In Europe meanwhile, the company is expected to have achieved the same strong growth as in the past five years—particularly in dealing services where there is no competition. The City is expecting to see pre-tax profits of about £70m (£55.3m).

Standard Telephones and Cables will no doubt try to seize the opportunity of the announcement of its 1984 preliminary results on Wednesday to make good some of the damage done to its relations with the City by last week's right issue. With the market price now below the 190p issue price it will have its work cut out. It has already indicated that pre-tax profits are likely to be about £140m, including a full-year contribution from ICL under merger accounting rules.

Announcements of dividends and interim dividends are as follows:

Company	Announcement date	Dividend (p)	Last year Int.	Fiscal Int.
Arthur Andersen Securities	Thursday	2.75	2.75	2.75
Bibby, And Sons	Wednesday	0.1493	2.4	1.7
British Vending Industries	Thursday	0.35	0.42	0.48
Cawdor, T.	Thursday	0.8	1.2	1.0
Crouch, Denk & Associates	Friday	1.03	3.42	1.63
First Source American Trust	Thursday	1.4	1.6	1.6
Fisons	Thursday	0.0	0.0	2.0
Foreign and Colonial Investment Trust	Thursday	0.75	1.025	0.875
Griegelund Exploration Fund	Thursday	10.0	10.0	15.0
Insight Group	Wednesday	1.0	1.0	0.75
John Lewis Partnership	Thursday	10.0	14.0	12.0
Johns Manville	Monday	0.33	0.77	0.69
Tuesday	0.5	2.0	0.5	
Wednesday	0.785	1.215		
Monday	1.0	2.0	1.1	
Tuesday	0.5	1.4	0.7	
Wednesday	1.54	2.518	1.54	
Wednesday	0.35	—	—	
Wednesday	—	—	—	
Wednesday	1.0	1.5	1.0	
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Wednesday	1.0	1.5	1.0	
Wednesday	0.785	1.215		
Monday	1.0	2.0	1.1	
Tuesday	0.5	1.4	0.7	
Wednesday	1.54	2.518	1.54	
Wednesday	0.35	—	—	
Wednesday	—	—	—	

THE NEW LARMEIR LONDON STOCK EXCHANGE

MARKET REPORT

Dollar's upsurge after President Reagan's speech brings uncertain atmosphere to London markets

Account Dealing Dates

Option
First Dec 21. Last Account Dealings Day
Feb 11 Feb 21 Mar 4
Feb 25 Mar 7 Mar 8 Mar 13
Mar 11 Mar 21 Mar 22 Apr 1

"New time" dealings date place from 9.30 am two business days earlier.

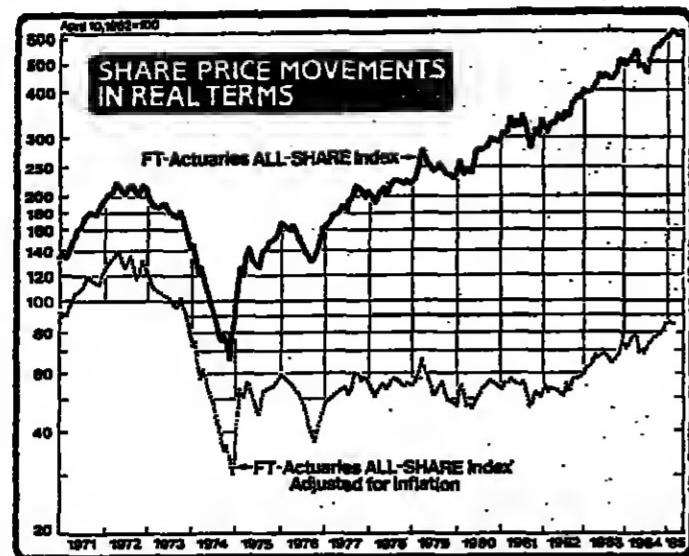
An uncertain mood prevailed on the last session of the trading Account and London stock values fell back quite sharply. Several factors contributed to the weaker tone but there was little doubt that the major influence was President Reagan's comments about the dollar. The dollar raced ahead yesterday and other leading currencies wilted.

Period money market rates moved up three months interest bank in 14% per cent, and fears were aroused of higher bank base lending rates, currently standing at 14% per cent. Recent overseas support of international stocks dried up and dealers reported a steady flow of sales from nervous holders. The orders were generally of modest amounts of stock but they took a toll on prices in the unsettled market atmosphere. Although there was little sign of institutional investment of top-quality industrials, the tone weakened progressively until end-account bear covering clipped losses by a penny or two.

Hopes of a revised demand after 3.30 pm, when business is allowed without "new-time" penalty for the Account starting on Monday, went largely unfilled. Few leading stocks managed to recover and the FT Ordinary share index closed 0.7 down at 1,260, after 1,270. ICI was the only constituent to gain ground on the day. UK inflation figures following the retail price figures, and the worsening money climate were other adverse factors.

A nervous gilt-edged market ran into light selling as the pound fell. The shorts were particularly affected by the revival of interest rate concern, and sustained losses ranging to 18% or 12% discount. Longer maturities came back a maximum of 4% and selected index-linked issues were similarly lower. Treasury 21 per cent index-linked 2013 began life at 373 compared with the striking price of 383.

Against the dull backdrop, the latest bulldog issue Kingdom of Spain 2010 shone brightly. It benefit from the dollar's



was suggested that turnover exceeded half of £60m issue and the stock touched 30s before settling at 30s in £30 paid form.

Seccome up on bid

Seccome Marshall Campion moved up to 425p prior to closing a net 20 higher at 410p following an agreed 440p per share cash offer from Citicorp International Bank. News of the bid gave a fresh boost to other Discount Houses and buyers favoured King and Shaxson, up 6 at 164p, on hopes that the group would become the next takeover target. Union 60s rose 7 at 710p and Gerrard edged up 3 to 320p, while Cater Allen firms 5 to 510p. Clive and Smith St Anbyon put up a penny apiece to the common price of 34p. The major clearers, which started off with a loss of support before steady gains after-hours, fared better, with 600s up to close on a couple of pence cheaper at 613p, while NetWest, which starts the dividend season on March 5, settled the same amount off at 653p, after 650p.

Reports that brokers De Zoete and Bevan had downgraded 1985 profit estimates prompted early weakness in Composite Insurances, but buyers appeared in the late trade and quotations finished above the worst. Royal's annual results due on March 4, lost 7 to 545p, after 580p, but Commercial Union, down 10 to 175p initially, picked up to close unchanged at 180p. Life Insurances generally recovered from a dull start to close virtually unchanged, but Lloyds brokers, which usually

ran into light selling as the pound fell. The shorts were particularly affected by the revival of interest rate concern, and sustained losses ranging to 18% or 12% discount. Longer maturities came back a maximum of 4% and selected index-linked issues were similarly lower. Treasury 21 per cent index-linked 2013 began life at 373 compared with the striking price of 383.

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Habitat volatile

Unsettled early in the session, leading Retailers staged a minor rally to close well above the lowest. Debenhams, down to 200p on end-account selling, attracted late demand and closed only 1p net 3 off 200p. Woolworths, still initially following a comment recovered from 552p to finish 5 lower at 557p. Habitat Mortgages were particularly volatile and amid reports of problems with its US interests fell to 314p, before settling 18 off on balance at 320p. Combined English attracted renewed support and rose 6 more to 114p; the preliminary results are expected next month.

A none-too-favourable Press reception of Plessey's third-quarter figures prompted a smart turnaround and the shares fell to 182p before settling 6 lower on the day at 186p. Other leading Electricals remained out of favour, particularly Racal, down 8 at 189p. Elsewhere, comment on the preliminary results prompted further weakness in Muirhead which dipped 16 more to 188p, but two-way fall 24p, STC rose to 188p and 200s, a like amount, after 188p. First Castle responded in Press mention with a rise of 8 to 114p.

Recent speculative interest in the Engineering sector, sparked off by the Trafalgar House bid for Haden, was replaced by profit-taking. Matthew Hall came back 5 to 315p and Delta 2 to 123p, while Elmwood Qualcast lost 34 to 313p and Weir Group 18 to 51p. Leading issues were inclined easier, falls of 4 being recorded in GKN, 206p, and TI, 230p. Profit-taking claimed 15 from Sale Tilney, at 450p, and 8 from Lep Group, at 240p. MJL came to life with a rise of 4 to 41p, a like amount, after 40p. First Castle responded in Press mention with a rise of 8 to 114p.

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BROKERS, DEALERS, UNDERWRITERS & DISTRIBUTORS
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 London EC2Y 5BP United Kingdom
 Telephone: 01-628-2500
 Telex: 51821297 SYSDECO

AMERICANS—Cont.

1984-85	Stock	Price	+ or -	Yield	Mr.	Yield	Yield
High	Low						
22	145-Harbor Medical Int'l.	217	-	1.4%			
22	146-Harbor, Inc. No. 51	42	-	1.4%			
22	147-Harbor, Inc. T. & S. 51	12	-	1.2%			
22	148-Harvest Int'l.	12	-	1.2%			
22	149-Harvest Int'l.	12	-	1.2%			
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INDUSTRIALS—Continued

1981-82	High	Low	Stock	Price	Yield	% Chg.	1981-82	High	Low	Stock	Price	Yield	% Chg.	
54	43	Magnolia Group	47	-2	2.5	32	7.6	44	228	182	LNT	249	14.5	-1
55	43	Malibis Home Inds	37	-2	2.5	32	7.6	44	228	146	Leverett Int'l Dps	269	9.5	-1
56	55	Malin Ship Co.	319	-1	5.5	32	27	35	150	149	Mag. M. A. M.	252	9.5	-1
57	55	Manitowoc Ind.	31	-1	2.5	24	4.5	5.5	229	119	Media Tech Int'l	242	12.5	-1
58	55	Marshall Lly. & A.	38	-1	2.5	24	4.5	5.5	229	128	Metaphor Sp.	152	3	-1
59	57	Marshall's Universal	73	-1	3.5	22	4.5	5.5	229	121	MetLife Estates	142	1.2	-1
60	57	Markland Corp.	29	-1	2.5	22	4.5	5.5	229	125	Metropolitan City Proj.	126	2.5	-1
61	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
62	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
63	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
64	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
65	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
66	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
67	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
68	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
69	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
70	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
71	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
72	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
73	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
74	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
75	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
76	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
77	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
78	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
79	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
80	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
81	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
82	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
83	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
84	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
85	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
86	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
87	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
88	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
89	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
90	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
91	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
92	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
93	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
94	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
95	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
96	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
97	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
98	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
99	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
100	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
101	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
102	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
103	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
104	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
105	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
106	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
107	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
108	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
109	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
110	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
111	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
112	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
113	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
114	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
115	57	Markland Corp.	30	-1	2.5	22	4.5	5.5	229	125	Metropolitan Life	126	2.5	-1
116	57	Markland Corp.	30	-1	2.5	22								

Saturday February 23 1985

MAN IN THE NEWS

Sprinkel's chance to rebuild

BY STEWART FLEMING

"HE IS A committed monetarist and, if those money figures do start climbing up, I wonder if he will remain silent?" says one economic policy official in Washington.

The "he" is Beryl (which rhymes with Pearl) Wayne Sprinkel, the blunt 61-year-old former bank economist who on Thursday was asked by President Reagan to leave his influential position as Treasury Undersecretary for Monetary Affairs and take on the job of chairman of Mr Reagan's three-member Council of Economic Advisors (CEA).

It is an invitation that some of America's more-renowned economists would readily refuse. Dr Martin Feldstein, the Harvard economics professor who held the job until July last year, had used the CEA platform to conduct a running public battle with other administration officials—in particular, Treasury Secretary Donald Regan—on administration economic policy, pressing relentlessly his view that the U.S. must cut its budget deficit.

Since then, the CEA has been in purdah. To the horror of the economics profession, which feels that its star in the U.S. is currently plumbing new depths, President Reagan even let it be known he was toying



Beryl Sprinkel

with the idea of abolishing the council. In announcing the President's decision to recommend Dr Sprinkel for the top job this week, the White House hinted that it was not doing so only because the body was created by Congress and Congress would have to disband it.

Assuming Dr Sprinkel's appointment is approved by the Senate, then, his first task is seen to be the challenging role of rebuilding the confidence of the White House in the CEA.

His chances of success must be rated fair. For one thing, his appointment suggests that the new chief of staff at the White House (and Dr Sprinkel's former boss at the Treasury), the abrasive Donald Regan, has confidence in him. That was not always the case. In the early days of their sojourn at the Treasury, the two men clashed until Dr Sprinkel was persuaded to become more circumspect in expressing his strongly-held views on economics.

Which is not to say that Dr Sprinkel will refrain from letting the White House know in private what his views are. Speaking his mind and, in particular, expressing his strong convictions about the validity of monetarist economic theory and free-market capitalism have been the hallmark of Dr Sprinkel's four-year career at the Treasury.

His straightforwardness and honesty have won him respect. He is increasingly liked. He says it straight from the shoulder and believes it. Moreover, as an economist he is a good technician," says one official who has come to know him. He is credited with having effectively put the issue of the liberalisation of Japanese financial markets high on the international economic policy agenda; and with having reinforced European policymakers' conversion to a more outspoken commitment to the virtues of free market capitalism.

His evident antipathy to the World Bank is questioned, but some sense that he has modified his apparent distrust of the International Monetary Fund. With his dogmatic monetarist views, Dr Sprinkel has been one of the harsher critics of a Central Bank whose economic philosophy is eclectic, and ideas logical or strictly monetarist. But now that the economic cycle is maturing and the Federal Reserve is pulling more weight in its policy debate on the growth of the narrow money supply, some are asking whether, in his new guise, Dr Sprinkel will take on the mantle of a defender of the Central Bank when it tries to rein in excessive growth of money supply.

Chernenko ill, Russians told

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET public was told officially for the first time yesterday that President Konstantin Chernenko was ill after he was prevented by his continuing poor health from delivering an important speech in the Kremlin.

The failure of the 75-year-old Soviet leader to appear yesterday was of particular significance because the speech, which was linked to local elections across the country tomorrow, was his most important engagement in domestic politics this year.

Mr Viktor Grishin, a member of the ruling Politburo and head of the Moscow city Communist Party, told selected voters from the Kuibyshev district of Moscow assembled in the Kremlin that the President "could not attend the meeting on doctors' recommendation."

The prepared speech, on general domestic and foreign themes, was then read out to

the Kuibyshev voters, whom Mr Chernenko nominally represents in the Supreme Soviet parliament.

The prolonged absence of Mr Chernenko, who was last seen in public on December 27, is clearly beginning to hamper the Soviet Union in making its political case to the world in the run-up to arms control negotiations with the U.S. on March 12.

This is not so much because of Mr Chernenko's role in formulating foreign policy—largely the domain of Mr Andrei Gromyko, the veteran Soviet Foreign Minister—than because of the inevitable focus of world attention on the health of the Soviet President rather than his views.

His absence yesterday underlines the serious nature of Mr Chernenko's illness, in spite of the constant invocation of his name in the Press and by fellow members of the Politburo,

whose speeches give the impression that he is still playing an active role in government.

There has been no mention of the President's incapacity in the Soviet Press, although the editor of Pravda, the Communist Party daily newspaper, confirmed on Friday television earlier this month that he was ill. Until yesterday, officials in Moscow could say only that Mr Chernenko was resting outside the capital.

His illness has also prevented him from fulfilling two other important public engagements. A meeting of Warsaw Pact leaders in Bulgaria last month had to be called off at the last minute and, this month, Mr Chernenko was unable to meet in Moscow Mr Andreas Papandreou, the Greek Prime Minister and Nato leader most sympathetic to the Soviet Union.

However, there is no sign, as some reports suggest, that Mr Chernenko is about to resign

or step down as Secretary-General of the Communist Party while remaining as President.

Renter adds: Diplomats said that Mr Chernenko's speech was clearly written to imply that he remained active. It contained no hint of his withdrawal from day-to-day involvement in the affairs of state, and repeatedly used the future tense, they said.

Mr Chernenko appealed to President Reagan to join him in reaffirming postwar commitments to good relations between their countries. He said the essence of the 1944 and 1945 agreements reached by U.S. Soviet and British leaders in Tehran, Yalta and Potsdam "remains topical today."

His speech mentioned future plans to boost the economy, and efforts to improve efficiency. It also referred to plans to celebrate the 40th anniversary of the end of the Second World War in Europe.

BTR makes moves to gain more financial details from Dunlop

BY CHARLES BATCHELOR

BTR, the broadly-based conglomerate which has made a £33m takeover bid for Dunlop, has turned to the Takeover Panel and the Stock Exchange in an attempt to wring more financial information from the debt-laden tyre and rubber products group.

The panel confirmed yesterday that it had held informal discussions with both companies "to see what should be done." It expects to reach a decision next week.

BTR is also believed to have approached the Stock Exchange through its stockbrokers Gorven.

BTR is stepping up its campaign to get Dunlop to release information on its trading performance in 1984 and prospects for this year. It gained acceptance from the holders of only 0.26 per cent of Dunlop's shares by Thursday's first closing date on its offer.

Dunlop shares have traded at more than twice the level of the BTR offer so the low level of acceptances came as no surprise. BTR did however gain acceptances from the holders of 17.03 per cent of the preference shares to add to the 27.9 per cent stake it already owns.

BTR made no move to increase the level of its offer yesterday but extended it unchanged to March 7. It said that "the low level of acceptances is commensurate with the level of information disclosed by Dunlop."

Dunlop responded: "The level of BTR's offer price and its destructive tactics can now be seen to have been badly misjudged. Having failed to buy Dunlop on the cheap, BTR will have to increase its offer massively if it is to have any chance of success."

Dunlop said later that it was

possible that details of its revised £142m refinancing package and/or its defence document could be sent to shareholders in early March.

Sir Owen Green, BTR's chairman, said: "We regard Dunlop as being in breach of the law for not having given more information about the company—in their refinancing proposals and in utter breach of the spirit of the takeover code."

The new Stock Exchange rules of BTR's offer price and its destructive tactics can now be seen to have been badly misjudged. Having failed to buy Dunlop on the cheap, BTR will have to increase its offer massively if it is to have any chance of success."

Dunlop said later that it was

Three U.S. executives resign from Apricot Inc.

By Jason Crisp in London and Louise Kehoe in San Francisco

THREE top American executives have resigned from Apricot Inc., the company recently set up with \$20m (£18.5m) to sell Applied Computer Techniques business personal computers in the U.S.

Mr Robert Coolidge, chief executive and president of

Apricot, Mr William Sopp, vice president of marketing and Mr John DiPietro, hardware manager, have left after disagreements with ACT over management style.

ACT, the fast-growing British

company which makes and sells the Apricot range of personal computers, raised £12.8m last November from institutions and shareholders to set up Apricot Inc. ACT has a 20 per cent stake in Apricot, with options to take a controlling interest.

The resignations would appear to be a setback for ACT, which is also facing some delays in setting up a dealer network across the U.S. The disagreements were over the level of control by the British company and the speed and method of decision making.

Mr Coolidge said yesterday: "I learned very quickly that ACT wanted a closer hand in the management of the business than I had envisaged."

Mr Simon Hunt, a director of corporate planning at ACT, commented: "Apricot was never an independent freestanding company. We are closely linked through ACT's shareholding and the fact that we are its main supplier."

Mr Coolidge was also unhappy when a number of managers from ACT were sent out to work at Apricot. He said: "There were basic differences of opinion over style. 'We typically do more research on issues before we make a move.'

ACT said it was used to making decisions very quickly and an official at Apricot Inc. said: "This is not an industry where you have the opportunity to sit and think."

Apricot, which started selling computers in the U.S. last month, has 40 dealers with 80 outlets. This is significantly less than the 250 dealers expected at the time of the fund raising. Mr Hunt said Apricot was about two months in establishing the dealer network.

Annual rate of inflation rises to 5% in January

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE UK's annual inflation rate is 5 per cent in January. This is partly because prices fell slightly at the same time last year while this February, increases in cigarette and petrol prices, plus the 1 percentage point rise in mortgage interest rates, will all help to push up prices.

Yesterday's figures showed that the Retail Price Index for January was 359.8 (1974=100), 0.4 per cent higher than the index for December and 5 per cent higher than a year earlier.

The Tax and Price Index, which measures the rise in gross pay needed to keep pace with changes in prices and taxes rose by 3.5 per cent in the 12 months to January.

The UK inflation rate is still below the EEC average, although well above Japanese and West German rates.

In December, when UK inflation was 4.6 per cent, the rate for the EEC was 5.4 per cent with France at 6.7 per cent, Italy at 9.4 per cent, the U.S. at 4 per cent, Japan at 2.6 per cent and West Germany at 2 per cent.

Officials are expecting a further rise in the annual in-

Continued from Page 1
Citicorp

Gee, to participate in the City

The addition of Seccombe's will give Citicorp an opening to the entire spectrum of UK financial markets, and earn it a broader City presence than any other bank, British or foreign.

Citicorp has a policy of building up the widest possible share of markets in leading financial centres round the world—but it has focused hard on the UK, where it sees the greatest opportunities. Last month, it became the first foreign bank to join the UK clearing system.

Although Citicorp has breached the discount house preserve, it has given an assurance to the Bank of England that its dealings with Seccombe will be at arm's length to protect its independence. Citicorp has told Seccombe employees that there will be no job losses, and has stressed the enhanced prospects they will face from joining a larger group. There are no "golden handcuffs," though, as an inducement to management to stay on.

Citicorp says it has plans to develop Seccombe's business substantially, "thereby enabling it to expand at a time of major structural change within the UK financial markets."

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

	RISES	FALLS
Bestobell	260	-18
Brammer	314	-7
Douglas (Rbr M.)	48	-5
General Accident	510	-12
Grand Metropolitan	288	-12
Habitat Mothercare	320	-18
Henderson Group	297	-19
Muirhead	168	-16
Plessey	188	-6
Racial Electrics	198	-8
Royal Insurance	548	-2
Sail Thiole	480	-13
Van Reefs	724	-32
UK today: England and Wales mostly cloudy and dry. Scotland and Northern Ireland cloudy with rain.		

Yesterdays midday

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